

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 3

AMENDED REPORT ☐
(highlight changes)

APPLICATION FOR PERMIT TO DRILL				5. MINERAL LEASE NO: ML49492	6. SURFACE: State
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>				7. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
8. TYPE OF WELL: OIL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> OTHER _____ SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>				8. UNIT or CA AGREEMENT NAME:	
2. NAME OF OPERATOR: Tidewater Oil & Gas Company, LLC				9. WELL NAME and NUMBER: Tidewater State 23-5	
3. ADDRESS OF OPERATOR: 1645 Court Pl, Ste 301 Denver CO 80202			10. FIELD AND POOL OR WILDCAT: Wildcat Green Circle		
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 616.5 FSL, 477.1 FEL 4313412y 38.959650 -109.333247 AT PROPOSED PRODUCING ZONE: 500 FSL, 500 FEL 644411X 38.959333 43133714 -109.333327			11. QTR/CTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESE 23 21S 23E		
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 1				12. COUNTY: Grand	
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 500				16. NUMBER OF ACRES IN LEASE: 600	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) na				19. PROPOSED DEPTH: 1,050	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): Ground level - GL= 4327'				20. BOND DESCRIPTION: Single well	
22. APPROXIMATE DATE WORK WILL START: 2/1/2006				23. ESTIMATED DURATION: 7 days	

24. PROPOSED CASING AND CEMENTING PROGRAM					
SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT		
12.25"	8 5/8" K55 24	500	Redi-mix cement	300 CF	1.18 ^{cf} /sk 15.6 ^{ppg}
6.5"	4.5 K55 10.5	1,100	Class G w/ 5% gel,	240 CF	1.64 ^{cf} /sk 13.8 ^{ppg}
			4% Cello flakes,		
			2% CACL		

25. ATTACHMENTS	
VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:	
<input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER <input checked="" type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER	<input checked="" type="checkbox"/> COMPLETE DRILLING PLAN <input type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

NAME (PLEASE PRINT) <u>James Jones</u>	TITLE <u>President Manager</u>
SIGNATURE	DATE <u>1/1/2006 2/8/2006</u>

(This space for State use only)

API NUMBER ASSIGNED: 43-019-31466

APPROVAL:

RECEIVED
FEB 09 2006
 DIV. OF OIL, GAS & MINING

Range 23 East

Township 21 South

(N00°19'E - 2654.52')

(N00°05'E - 2645.28')

(N89°46'W - 2640.00')

(N89°46'W - 2640.66')

ELEV. 4345'

(N00°13'04"E - 2642.32')

(N00°13'E - 2643.30')

(N00°10'00"E - 2643.51')

(N00°10'E - 2643.30')

23

UTM
N 4313420
E 644433

616.49' TIDEWATER
STATE #23-5
ELEV. 4327.1'

477.09'

(N89°57'W - 5282.64')

Legend

- Drill Hole Location
- ⊙ Metal Cap (Found)
- Brass Cap (Searched for, but not found)
- △ Calculated Corner
- () GLO
- GPS Measured

NOTES:

1. UTM and Latitude / Longitude Coordinates are derived using a GPS Pathfinder and are shown in NAD 27 Datum.

LAT / LONG
38°57'37.989"N
109°19'59.019"W

Location:

The well location was determined using a Trimble 5700 GPS survey grade unit.

Basis of Bearing:

The Basis of Bearing is GPS Measured.

GLO Bearing:

The Bearings indicated are per the recorded plat obtained from the U.S. Land Office.

Basis of Elevation:

Basis of Elevation of 4345' being at the Northeast Section Corner of Section 23, Township 21 South, Range 23 East, Salt Lake Base and Meridian, as shown on the Cisco Quadrangle 7.5 minute series map.

Description of Location:

Proposed Drill Hole located in the SE/4 SE/4 of Section 23, T21S, R23E, S.L.B.&M., being 616.49' North and 477.09' West from the Southeast Section Corner of Section 23, T21S, R23E, Salt Lake Base & Meridian.

Surveyor's Certificate:

I, Albert J. Spensko, a Registered Professional Land Surveyor, holding Certificate 146652 State of Utah, do hereby certify that the information on this drawing is a true and accurate survey based on data of record and was conducted under my personal direction and supervision as shown hereon.



TALON RESOURCES, INC.

195 North 100 West P.O. Box 1230

Huntington, Utah 84528

Phone (435)687-5310 Fax (435)687-5311

E-Mail talon@etv.net

TIDEWATER

Tidewater State #23-5
Section 23, T21S, R23E, S.L.B.&M.
Grand County, Utah

Drawn By N. BUTKOVICH	Checked By L.W.J./A.J.S.
Drawing No. A-1	Date 1/6/06
	Scale 1" = 1000'
Sheet 1 of 4	Job No. 2157

GRAPHIC SCALE

0 500' 1000'

(IN FEET)

1 inch = 1000 ft.

Contract Search:

Contract Status:

Lease Class:

[help](#)

Isenbr:

[clear](#)

Isesufix:

[find](#)

Lessee name:

lease type:

township: ☐ N ☒ S

range: ☐ W ☒ E

section:

[Map](#) [Photo](#) [Contract](#)

Contract: ML 49492.0
Type: OIL GAS & HYDROCARBON

Status: Active contract
Acres: 600.00

Approved: 11/5/2004
Beginning: 12/1/2004
Expiration: 11/30/2014

Lessee: TIDEWATER OIL & GAS COMPANY LLC
1645 COURT PLACE, SUITE 301
DENVER CO 802024504

Primary Term: 10
Rip Waiver: 0
Ree Status: Active
Cancelled:

Production Status: Not Defined
Administrator: Bonner, Edward W.
Reason: Not defined

Select Lease from List Below:

ML 49492.0 OIL GAS & HYDROCARBON 1
TIDEWATER OIL & GAS COMPANY LLC
Competitive Bid

TRS	County	Bene	Type	Layer	Acres
T21.0S R23.0E S22 SL	GRND	SCH	Use	O&G	200.00
Legal Descr: S2NE4, N2SE4, SE4SE4					
T21.0S R23.0E S23 SL	GRND	SCH	Use	O&G	400.00
Legal Descr: E2NE4, S2					
Total:					600.00

Click to View:

- legal description
- comment
- Payment History
- Beneficiary Interest
- Lease Report

Done

Internet

start

Novell-delivered A...

1 work due.xls

OIL & GAS INFOR...

Internet Explorer

1:23 PM

RECEIVED

FEB 09 2006

DIV. OF OIL, GAS & MINING

APD Checklist

Tide Water State
23-5

The APD shall include (please attach two copies if for State or Fee surface):

1. X A completed and signed Form 3 (application to drill, deepen or reenter). Make sure all blanks are filled and boxes are checked.
2. X Contact information and phone number for surface owner.
3. X Location plat.
4. NA Water Rights approval.
5. X Estimated geologic markers.
6. X Estimated top and bottom of anticipated water, oil, gas, other mineral zones and plans for their protection.
7. X Plan for pressure control (BOPE), including schematic and casing test.
8. X Description of mud system, including mud weights.
9. X Plans for testing, logging and coring.
10. X Expected bottom hole pressure, any anticipated abnormal pressures, temperatures, or hazards and plans for mitigation of them.
11. X Casing design (size, type, weight).
12. X Cement design (type, weight, yield, estimated top, # sacks).
13. NA Diagram of horizontal or directional well bore path including directional survey plan.
14. NA Designation of agent if necessary.
15. X Bond.
16. X Affidavit of Surface agreement.
17. NA Exception location application (if needed).

An application for directional drilling shall also include:

18. Plat showing surface location, section and lease lines, target location, points along the well bore where owner consent has been obtained.
19. Reason for deviation.

RECEIVED

FEB 09 2006

Tidewater Oil & Gas, LLC

James Jones, President
645 Court Pl, Ste 301
Denver, Co. 80202
303-468-0656

Tidewater State 23-5

SESE Sec 23, T21S, R23E
616.49 FSL, 477.09 FEL
Elevation = 4327.1' ground level

Contact Phone Number

James Jones - 303-468-0656

Lease Type

State Lease

Water Rights

Water used for drilling and completion operations will be purchased from the City of Cisco or Thompson Springs for this project.

Estimated Formation Tops

	Hydrocarbon Bearing	Md, Ft.
Mancos		0
Silt		255
Dakota Silt	HC	301
Dakota Sand	HC	409
Morrison	HC	575
TD		1100

Any anticipated water would be covered by the surface casing set at 500'

Tidewater State 23-5

SESE Sec 23, T21S, R23E

616.49 FSL, 477.09 FEL

Elevation = 4327.1' ground level

Drilling Program

1. Move in. Rig up
2. Drill and cement conductor pipe to 12'. Cement pipe with cement to surface. Wait on cement for 12 hours.
3. Drill 12 ½" hole to 500 ft. using air/mist/fresh water system. Take directional survey at 250' and at 500'. Rig up mud logging equipment. Samples will be taken every 15' from surface casing to total depth.
4. Run surface pipe to TD. Cement casing in hole from TD to surface. Estimate 300 cf of cement required.
5. Wait 12 hours on cement. Install casing head.
6. Rig up BOPE equipment. Test BOPs to 3000 psi. Test casing to 1500 psi. Rig up mud logging equipment. Samples will be taken every 15' from surface casing to total depth.
7. Drill 6 ½" hole from 500' to 1100' using air/ air mist. Take deviation survey every 250'. Use low solids dispersed mud if required. Drill hole to match casing length.
8. Circulate hole with a low solids dispersed mud. Run Resistivity log, Gamma Ray, Neutron Log from total depth to surface casing.
9. Run production casing to TD. Cement casing from TD to surface casing with 240 cubic feet of Class G cement with 5% gel, 4% Cello flakes, 2% CaCl. Land casing with Model R casing head.
10. Rig down. Move rig off location.

Tidewater State 23-5

SESE Sec 23, T21S, R23E

616.49 FSL, 477.09 FEL

Elevation = 4327.1' ground level

Well Equipment and Procedures

Anticipated Water bearing formations

Surface casing set and cemented to 500' will isolate and protect any potential fresh water zones encountered. Any other water or hydrocarbon bearing zones below 500' will be isolated with casing and cement when the well is completed.

Pressure Control Equipment

Well will utilize a 3000 psi BOP. The BOP will have a pipe rams, blind rams and a hydril. A rotating head will be utilized while drilling with air. All BOPs will be tested to 3000 psi when the equipment is installed and if the integrity of the pressure control system is compromised during drilling operations.

Casing Program

Casing

Run guide shoe and fill-up collar one joint above bottom. Install centralizers on every other joint of casing. Add centralizer across all productive zones.

Surface pipe – 8 5/8", 24 #/ft, J55

Production – 4 1/2", 10.5 #/ft, J55

Cementing

Surface pipe will be cemented to surface using redi-mix cement and the rig pump. An estimated 300 cu. ft of 12 ppg cement will be used to cement the casing.

Submitted is 15.6 ppg per Roger Knight

Production string will be cemented from TD to Surface pipe using Class G cement with 5% gel, 4% Cello flakes, 2% CaCl. Cement volumes to be confirmed from logs. Fifty percent excess will be included in calculations. An estimated 240 cu. ft of 12 ppg cement will be used to cement the casing. All potential producing zones will be covered with cement.

Submitted is 15.6 ppg per Roger Knight

Circulating Medium

The well will be drilled utilizing air or air mist. If required, a nondispersed, low solids 9.0 ppg mud will be used in the well. Adequate weight material will be on location to be able to contain any unforeseen formation pressures during the drilling operations. Viscosity will be maintained at 40 for logging.

Well Testing

Mud Logging

An on-site geologist will be on location from surface to total depth. Take samples every 15 feet while drilling. Hydrocarbon monitoring and detection equipment will be utilized during drilling operations.

Logging Program

The well will be logged from TD to surface casing with a Resistivity log, Gamma Ray log and Compensated Neutron Log.

Deviation

Take deviation survey every 250'. Maximum change will be 2° between surveys. This will be a vertical well.

Anticipated Pressures & Potential hazardous conditions

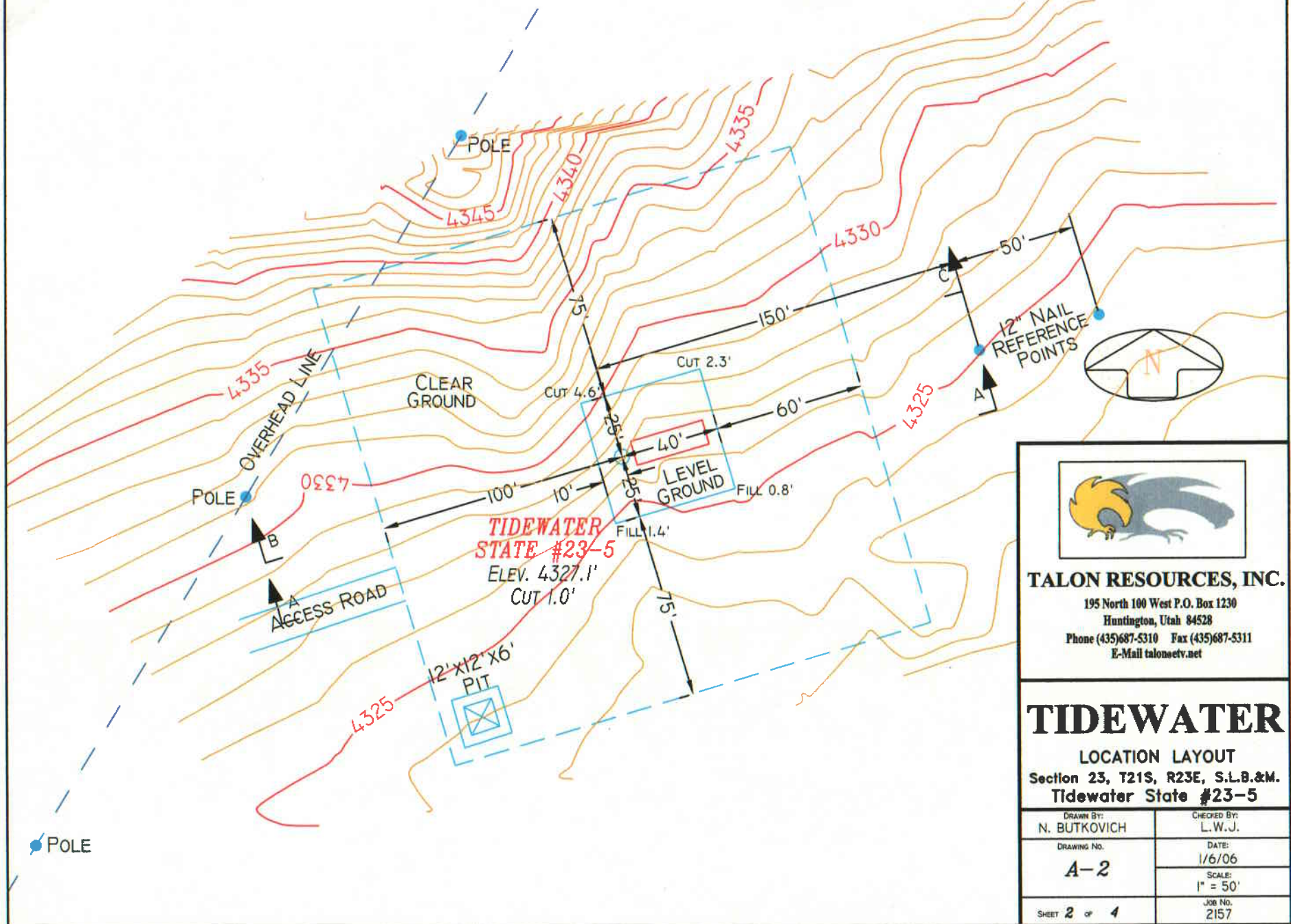
Anticipated formation pressures will be under hydrostatic gradient. Expected bottom hole pressure is estimated to be 400 psi.

No abnormal pressures or temperatures are anticipated.

No hydrogen sulfide gas is anticipated.

Adequate weight material will be on location to be able to contain any unforeseen formation pressures during the drilling operations.

ELEVATION OF UNGRADED GROUND AT LOCATION STAKE = 4327.1'
 ELEVATION OF GRADED GROUND AT LOCATION STAKE = 4326.1'



TALON RESOURCES, INC.

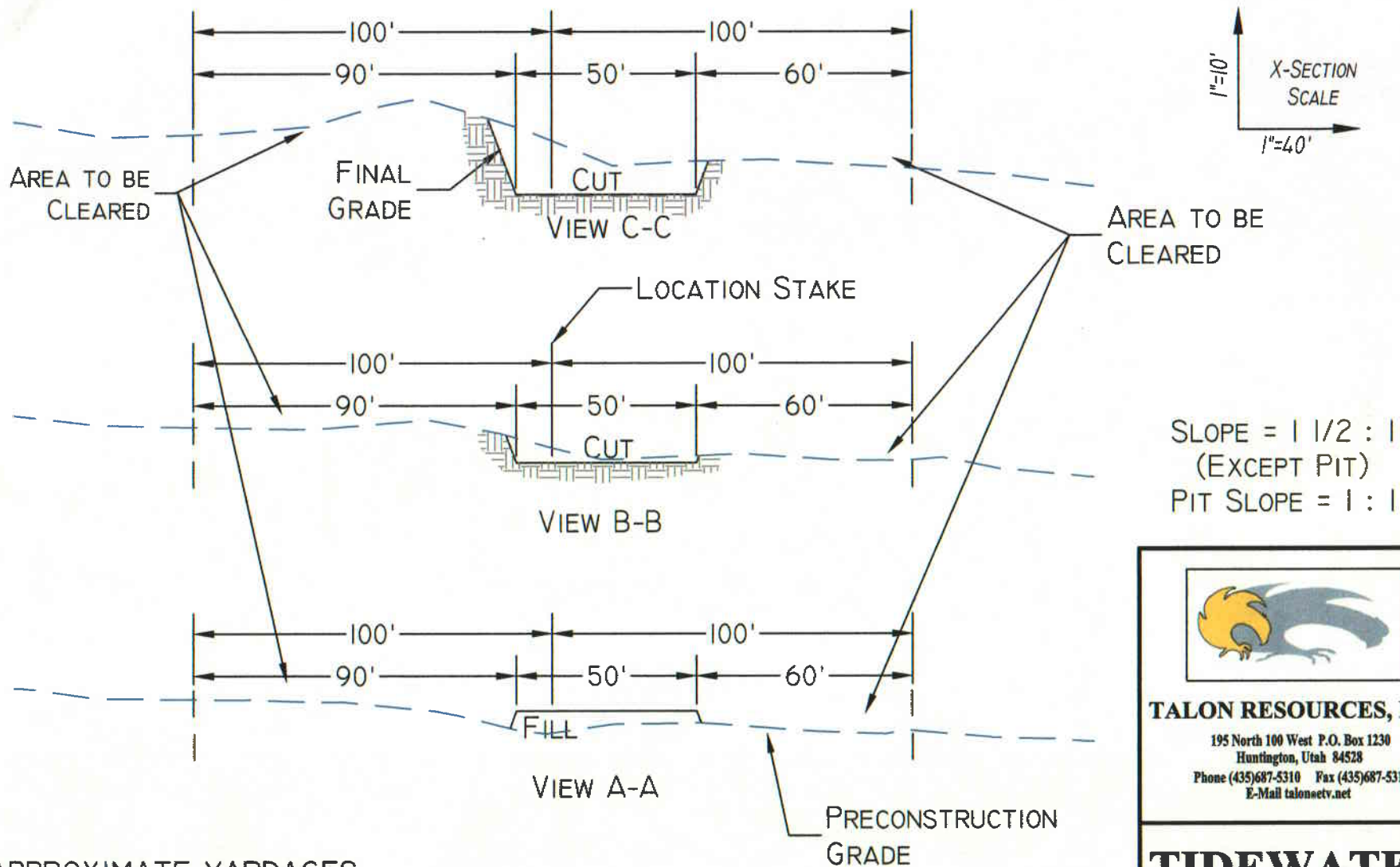
195 North 100 West P.O. Box 1230
 Huntington, Utah 84528

Phone (435)687-5310 Fax (435)687-5311
 E-Mail talonres@net.net

TIDEWATER

LOCATION LAYOUT
 Section 23, T21S, R23E, S.L.B.&M.
 Tidewater State #23-5

DRAWN BY: N. BUTKOVICH	CHECKED BY: L. W. J.
DRAWING NO. A-2	DATE: 1/6/06
	SCALE: 1" = 50'
SHEET 2 OF 4	JOB NO. 2157



APPROXIMATE YARDAGES

CUT

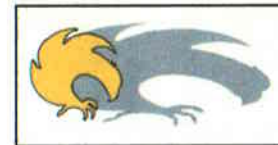
(6") TOPSOIL STRIPPING = 50 CU. YDS.

REMAINING LOCATION = 105 CU. YDS.

(INCLUDING TOPSOIL STRIPPING)

TOTAL CUT (INCLUDING PIT) = 120 CU. YDS.

TOTAL FILL = 30 CU. YDS.



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195 North 100 West P.O. Box 1230

Huntington, Utah 84528

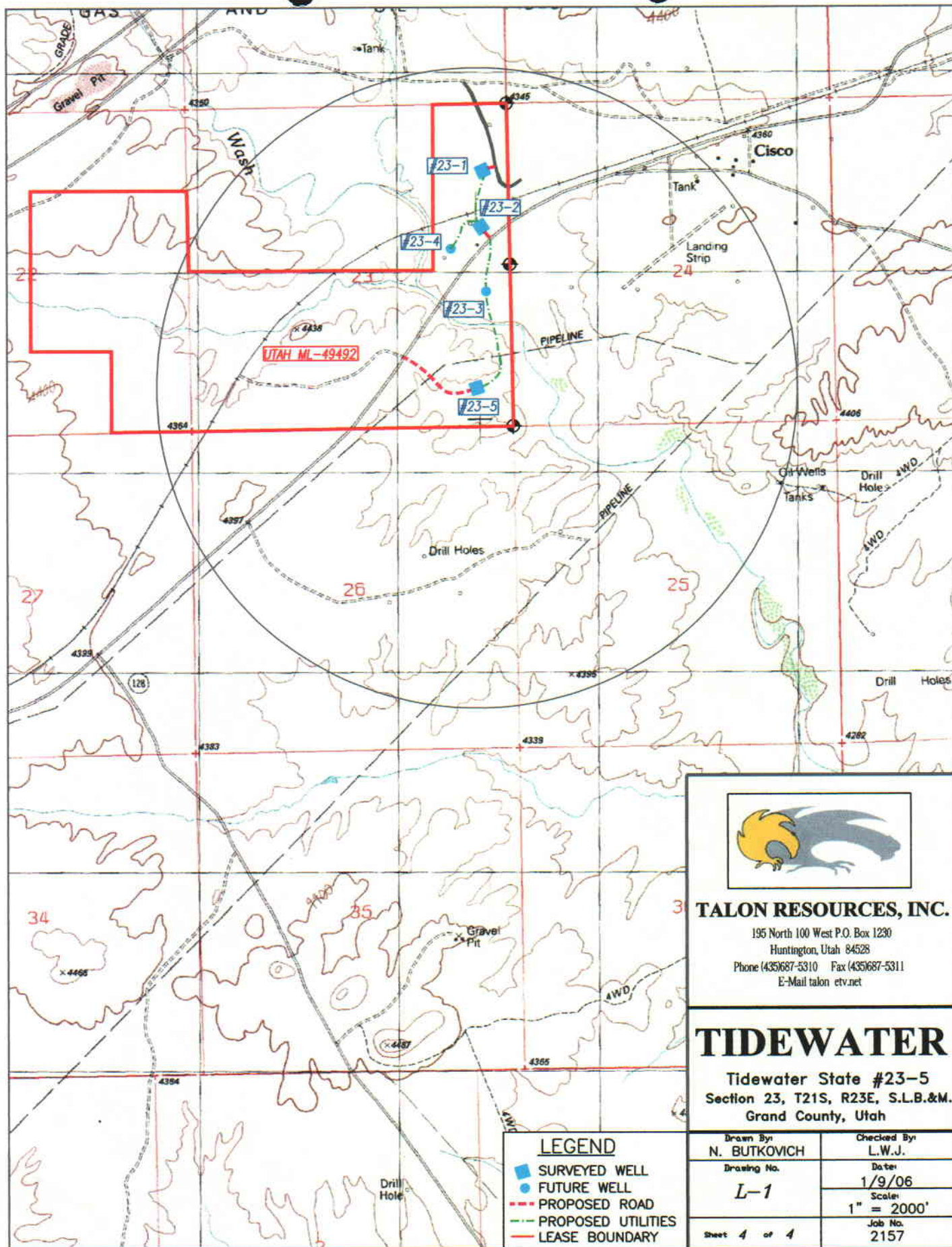
Phone (435)687-5310 Fax (435)687-5311

E-Mail talonsetv.net

TIDEWATER

TYPICAL CROSS SECTION
Section 23, T21S, R23E, S.L.B.&M.
Tidewater State #23-5

DRAWN BY: N. BUTKOVICH	CHECKED BY: L.W.J.
DRAWING NO. C-1	DATE: 1/6/06
	SCALE: 1" = 40'
SHEET 3 OF 4	JOB NO. 2157



TALON RESOURCES, INC.

195 North 100 West P.O. Box 1230
Huntington, Utah 84528
Phone (435)687-5310 Fax (435)687-5311
E-Mail talon etv.net

TIDEWATER

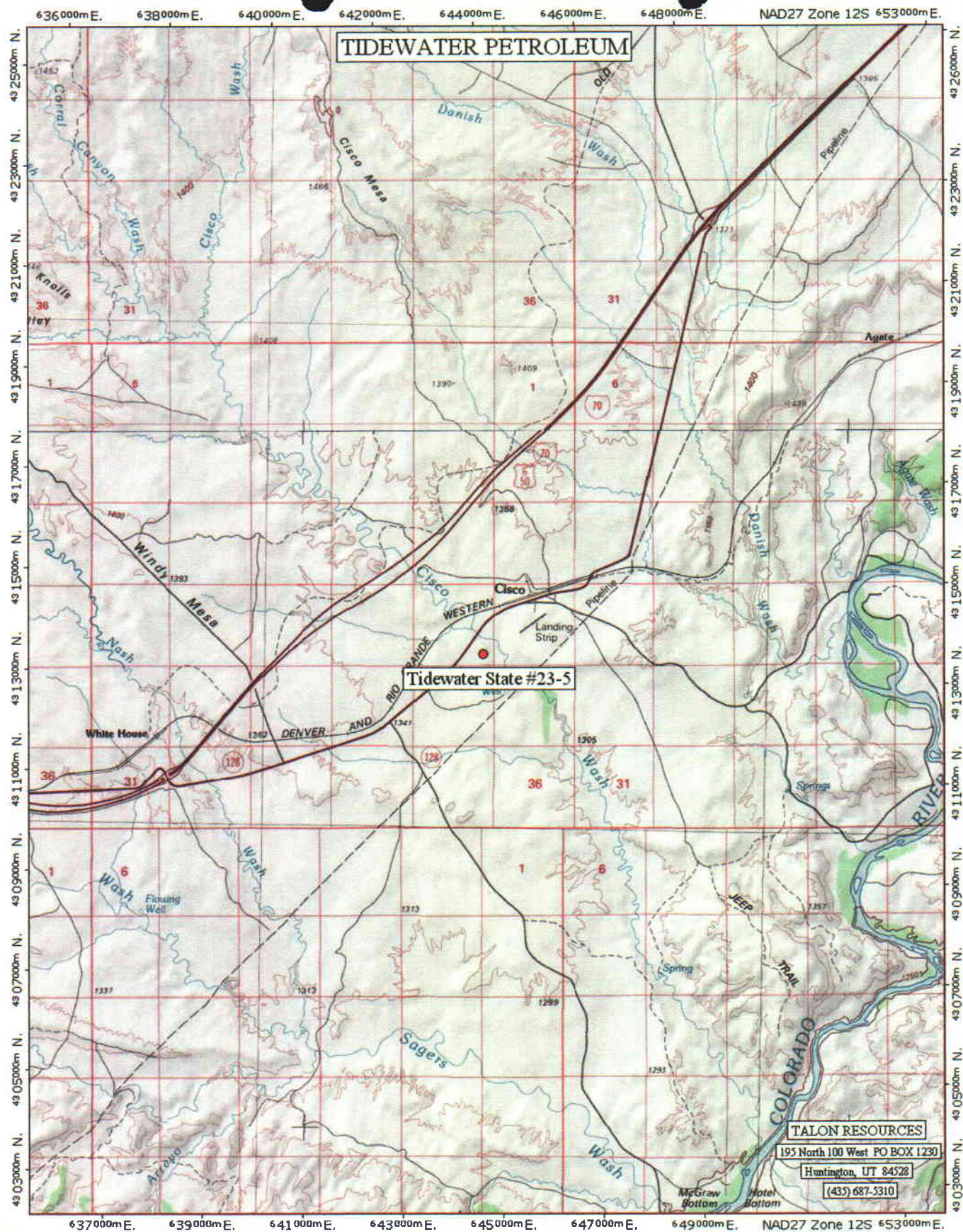
Tidewater State #23-5
Section 23, T21S, R23E, S.L.B.&M.
Grand County, Utah

LEGEND

- SURVEYED WELL
- FUTURE WELL
- PROPOSED ROAD
- PROPOSED UTILITIES
- LEASE BOUNDARY

Drawn By
N. BUTKOVICH
Drawing No.
L-1

Checked By
L.W.J.
Date
1/9/06
Scale
1" = 2000'
Job No.
2157



TIDEWATER PETROLEUM

Tidewater State #23-5

TALON RESOURCES

195 North 100 West PO BOX 1230

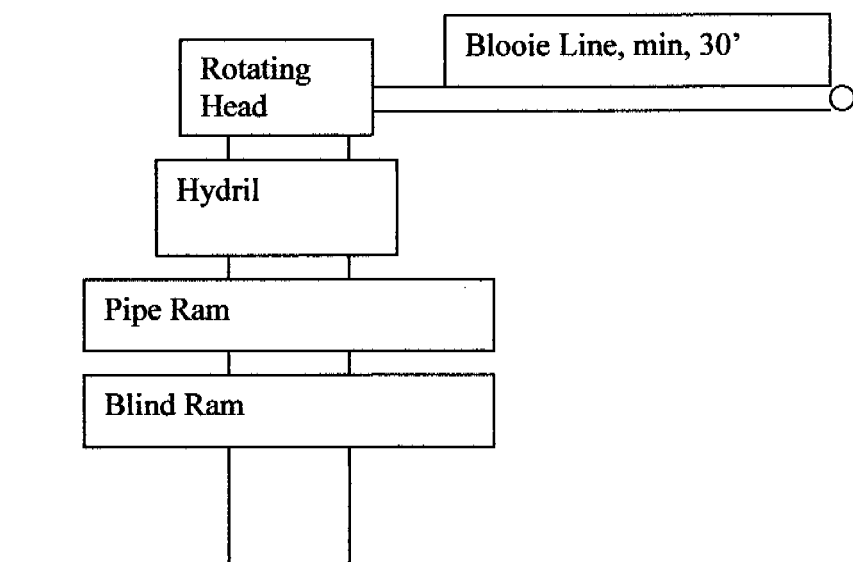
Huntington, UT 84528

(435) 687-5310

TN 12°

Map created with TOPO!® ©2003 National Geographic (www.nationalgeographic.com/topo)

Tidewater BOP Schematic



Tidewater and Drilling Contractor will take all precautions required to maintain control of the well during drilling.

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 02/09/2006

API NO. ASSIGNED: 43-019-31466

WELL NAME: TIDEWATER ST 23-5

OPERATOR: TIDEWATER OIL & GAS CO (N3000)

CONTACT: JAMES JONES

PHONE NUMBER: 303-468-0656

PROPOSED LOCATION:

SESE 23 210S 230E

SURFACE: 0584 FSL 0605 FEL

BOTTOM: 0584 FSL 0605 FEL

COUNTY: GRAND

LATITUDE: 38.95965 LONGITUDE: -109.3333

UTM SURF EASTINGS: 644417 NORTHINGS: 4313412

FIELD NAME: GREATER CISCO (205)

INSPECT LOCATN BY: / /

Tech Review	Initials	Date
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Engineering	<u>DLG</u>	<u>3/27/06</u>
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Geology		
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Surface		
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LEASE TYPE: 3 - State

LEASE NUMBER: ML49492

SURFACE OWNER: 3 - State

PROPOSED FORMATION: MRSN

COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

☒ Plat

☒ Bond: Fed[] Ind[] Sta[] Fee[]

(No. 394312163444)

☒ Potash (Y/N)

☒ Oil Shale 190-5 (B) or 190-3 or 190-13

☒ Water Permit

(No. Municipal)

☒ RDCC Review (Y/N)

(Date: _____)

☒ Fee Surf Agreement (Y/N)

☒ Intent to Commingle (Y/N)

LOCATION AND SITING:

____ R649-2-3.

Unit: _____

____ R649-3-2. General

Siting: 460 From Qtr/Qtr & 920' Between Wells

____ R649-3-3. Extension

☒ Drilling Unit

Board Cause No: 102-16 B

Eff Date: 11-15-1979

Siting: See Cause Order

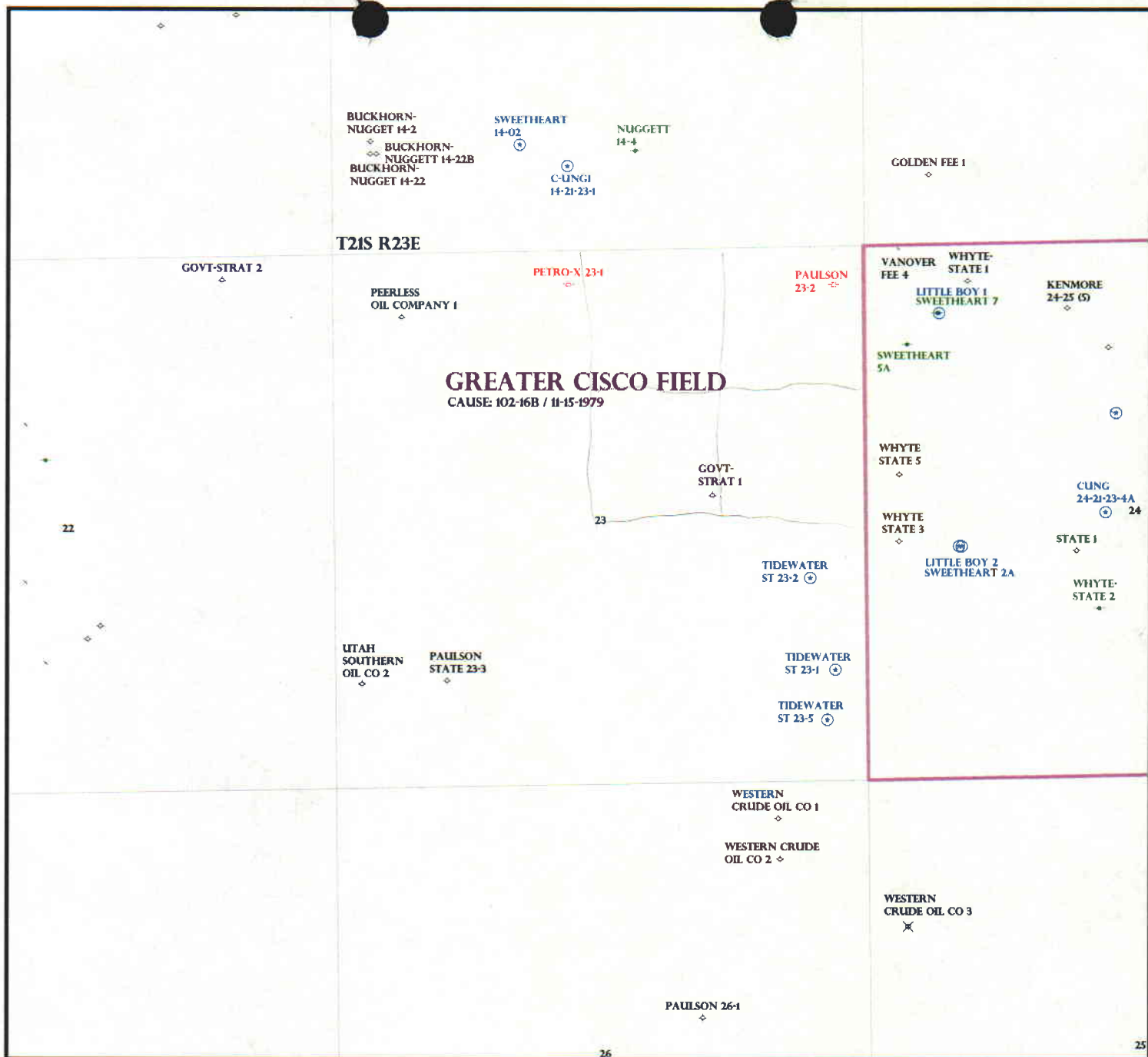
____ R649-3-11. Directional Drill

COMMENTS:

Needs Review (03-09-06)

STIPULATIONS:

1- STATEMENT OF BASIS



OPERATOR: TIDEWATER O&G CO (N3000)

SEC: 23 T. 21S R. 23E

FIELD: GREATER CISCO (205)

COUNTY: GRAND

CAUSE: 102-16B / 11-15-1979

Field Status

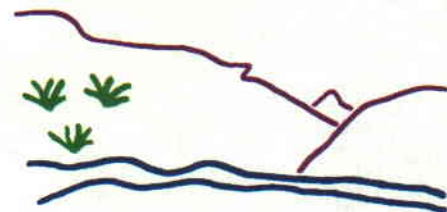
- ABANDONED
- ACTIVE
- COMBINED
- INACTIVE
- PROPOSED
- STORAGE
- TERMINATED

Unit Status

- EXPLORATORY
- GAS STORAGE
- NF PP OIL
- NF SECONDARY
- PENDING
- PI OIL
- PP GAS
- PP GEOTHERML
- PP OIL
- SECONDARY
- TERMINATED

Wells Status

- GAS INJECTION
- GAS STORAGE
- LOCATION ABANDONED
- NEW LOCATION
- PLUGGED & ABANDONED
- PRODUCING GAS
- PRODUCING OIL
- SHUT-IN GAS
- SHUT-IN OIL
- TEMP. ABANDONED
- TEST WELL
- WATER INJECTION
- WATER SUPPLY
- WATER DISPOSAL
- DRILLING



Utah Oil Gas and Mining



PREPARED BY: DIANA WHITNEY
DATE: 22-FEBRUARY-2006

**DIVISION OF OIL, GAS AND MINING
APPLICATION FOR PERMIT TO DRILL
STATEMENT OF BASIS**

OPERATOR: Tidewater Oil & Gas Company, LLC
WELL NAME & NUMBER: Tidewater State 23-5
API NUMBER: 43-019-31466
LOCATION: 1/4,1/4 SESE Sec:23 TWP: 21S RNG: 23E 616.5 FSL 477.1 FEL

Geology/Ground Water:

This well will spud into a poorly permeable soil formed on the Ferron Sandstone Member of the Mancos Shale. No high quality water resource is likely to be encountered during the drilling of this well. The proposed casing and cement program will otherwise adequately isolate any water-bearing strata. No underground water rights have been filed within a mile of the location.

Reviewer: Christopher J. Kierst **Date:** 3/17/06

Surface:

On-site conducted March 9, 2006. In attendance: Bart Kettle (DOGM), Norman Woods (Tidewater Oil & Gas Company, LLC.), and Ed Bonner (SITLA). Invited but choosing not to attend Nathan Sill (DWR).

Regardless of recent grazing actively in the area, reserve pits will be fenced on all four sides upon the removal of the drilling rig. A right-of- way for the portions of the access road that crosses state lands outside of Tidewaters lease boundaries will be required.

Reviewer: Bart Kettle **Date:** March 15, 2006

Conditions of Approval/Application for Permit to Drill:

1. Fence Reserve Pit on all four sides upon removal of drilling rig.

ON-SITE PREDRILL EVALUATION
Division of Oil, Gas and Mining

OPERATOR: Tidewater Oil & Gas Company, LLC
WELL NAME & NUMBER: Tidewater State 23-5
API NUMBER: 43-019-31466
LEASE: State FIELD/UNIT: Greater Cisco
LOCATION: 1/4, 1/4 SESE Sec: 23 TWP: 21S RNG: 23E 616.5 FSL 477.1 FEL
LEGAL WELL SITING: See Board Order 102-16B
GPS COORD (UTM): X =644417 E; Y =4313412 N SURFACE OWNER: SITLA

PARTICIPANTS

Bart Kettle (DOGM), Ed Bonner (SITLA) and Norman Woods (Tidewater)
Invited but choosing not to attend Nathan Sill (DWR).

REGIONAL/LOCAL SETTING & TOPOGRAPHY

Proposed location is less than one mile from the town of Cisco, Grand County Utah. The location is on flat ground south of I-70 in a 6-8" precept zone. Salt scrub rangelands and Mancos clay flats surround the well site. Topography immediately adjacent to the well is predominantly rolling clay hills cut by many small gullies. Water drainage is to the southeast entering the Colorado River within 10 miles. There were no perennial streams or springs observed in close proximity to the location. Drainages in the immediate area are ephemeral in nature, being dry throughout the warmer months of the year.

SURFACE USE PLAN

CURRENT SURFACE USE: Winter cattle grazing, wildlife habitat, seasonal recreation, oil and gas development.

PROPOSED SURFACE DISTURBANCE: 150' x 200' location will be used in the drilling of the well to store tanks, equipment and to park vehicles. A 50' x 50' pad will be cut to grade in the center of the location for the rig to sit during drilling, the remainder of the location will not be cut to grade.

LOCATION OF EXISTING WELLS WITHIN A 1 MILE RADIUS: Many Plugged and Abandoned wells. Producing and shut-in wells: Petro-X 23-1, Whyte State #2, Gibraltar #1, Paulson 23-2, Sweetheart 7, Smith-Whyte State 2, Sweetheart 5A, Little Boy 1, and Sweetheart 2A.

LOCATION OF PRODUCTION FACILITIES AND PIPELINES: A wellhead, pump, separator, dehydrator, and tank battery will be installed. All will be painted a flat Carlsbad tan color.

SOURCE OF CONSTRUCTION MATERIAL: On-site

ANCILLARY FACILITIES: Camp Trailer for Tool Pusher, Company man and mud logger may be used on location.

WILL DRILLING AT THIS LOCATION GENERATE PUBLIC INTEREST OR CONCERNS? (EXPLAIN): Drilling at this location is not expected to generate significant public concern. The closest residence are located ~1 mile away in Cisco. Drilling in this area would not be considered an new activity as the town of Cisco and the surrounding areas have existing wells located throughout them.

WASTE MANAGEMENT PLAN:

Human waste will be disposed of in chemical toilets, which will be hauled to a state approved dump station. All trash will be placed in a portable trash cage. It will be hauled to a county landfill, there will be no trash burial or burning.

Drill cuttings will be constrained in the reserve pit. Produced liquid hydrocarbons will be constrained in test tanks during completion and testing.

ENVIRONMENTAL PARAMETERS

AFFECTED FLOODPLAINS AND/OR WETLANDS: No wetlands will be affected by the drilling of this well.

FLORA/FAUNA: Pronghorn antelope, rabbits, prairie dogs, songbirds, raptors, rodents, snakes and lizards.
Grasses: Cheatgrass. Forbs: Halogeton, and buttercup. Shrubs: Nuttles saltbrush, bud sage and black greasewood. Trees: None.

SOIL TYPE AND CHARACTERISTICS: Light gray Clay and clay loam, dark gray shale and sandstone fragments.

SURFACE FORMATION & CHARACTERISTICS: Mancos-mixture of fine deposited soils and decomposing shale. Soils are erosive in nature due to lack of litter/vegetation over surface area. Most of the soils in this area are very salty in nature. Portions of the soils have accumulations of white salt crystals at the surface for a majority of the year.

EROSION/SEDIMENTATION/STABILITY: Most of the project area lays in areas of clay and clay loam soils ranging from high to moderate potential for wind erosion. The project area has moderate water erosion potential. Soil erosion would increase during the initial construction phase of the project. Removal of vegetation and physical soil crust will reduce surface soil aggregates and therefore reduce soil stability. Loose unstable berms of soil will be left along the roadside and water runoff patterns will be re-directed. These factors will contribute to increased potential for wind and water erosion. As vegetation recovers, and soil crusts recover along the roadway soils will become more stable. Wind and water erosion rates would be partially reduced, but still accelerated from normal rates.

PALEONTOLOGICAL POTENTIAL: None noted

RESERVE PIT

CHARACTERISTICS: 12'x12'x6'

LINER REQUIREMENTS (Site Ranking Form attached): Liner Not Required

SURFACE RESTORATION/RECLAMATION PLAN

Upon the completion of drilling the well site will be cleared of all debris, material and junk not needed for production. Reclamation will start when the reserve pit is dry. Areas not needed for production will be backfilled, contoured to a natural shape and topsoil spread. Bare areas will be seeded in the fall or early winter, and sown areas will be left rough after seeding. If well is plugged all new road construction and well pad will be reclaimed.

SURFACE AGREEMENT: As per SITLA mineral lease.

CULTURAL RESOURCES/ARCHAEOLOGY: None observed.

OTHER OBSERVATIONS/COMMENTS

Tidewater will be required to acquire a right-away from SITLA for the portions of the access road that cross state lands outside of their lease.

ATTACHMENTS

Photos of this location were taken and placed on file.

Bart Kettle
DOGM REPRESENTATIVE

March 15, 2006 3:36 p.m.
DATE/TIME

**Evaluation Ranking Criteria and Ranking Score
For Reserve and Onsite Pit Liner Requirements**

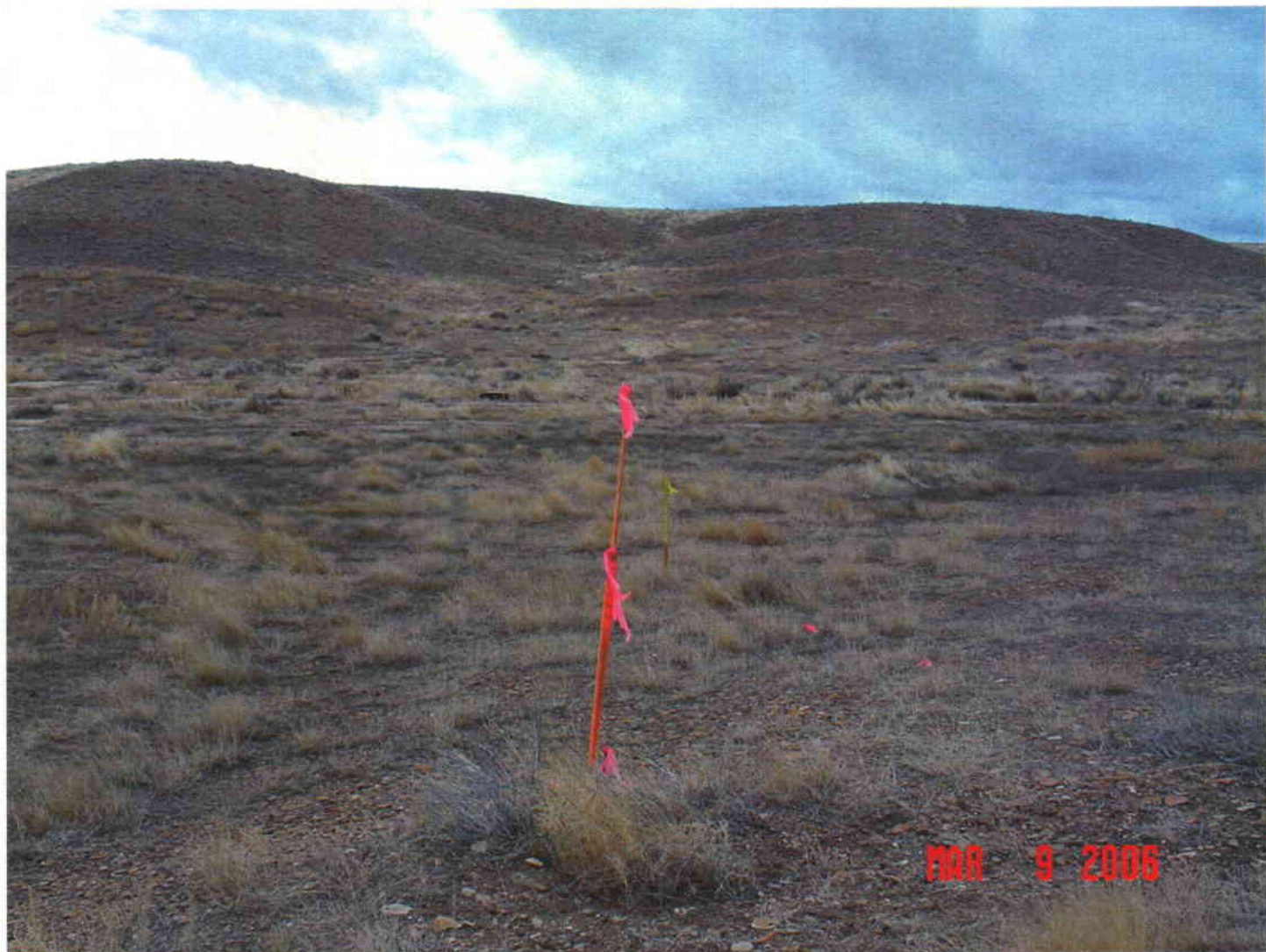
<u>Site-Specific Factors</u>	<u>Ranking</u>	<u>Site Ranking</u>
Distance to Groundwater (feet)		
>200	0	
100 to 200	5	
75 to 100	10	
25 to 75	15	
<25 or recharge area	20	<u>0</u>
Distance to Surf. Water (feet)		
>1000	0	
300 to 1000	2	
200 to 300	10	
100 to 200	15	
< 100	20	<u>0</u>
Distance to Nearest Municipal Well (feet)		
>5280	0	
1320 to 5280	5	
500 to 1320	10	
<500	20	<u>0</u>
Distance to Other Wells (feet)		
>1320	0	
300 to 1320	10	
<300	20	<u>0</u>
Native Soil Type		
Low permeability	0	
Mod. permeability	10	
High permeability	20	<u>0</u>
Fluid Type		
Air/mist	0	
Fresh Water	5	
TDS >5000 and <10000	10	
TDS >10000 or Oil Base Mud Fluid	15	
containing significant levels of hazardous constituents	20	<u>0</u>
Drill Cuttings		
Normal Rock	0	
Salt or detrimental	10	<u>0</u>
Annual Precipitation (inches)		
<10	0	
10 to 20	5	
>20	10	<u>0</u>
Affected Populations		
<10	0	
10 to 30	6	
30 to 50	8	
>50	10	<u>0</u>
Presence of Nearby Utility Conduits		
Not Present	0	
Unknown	10	
Present	15	<u>0</u>

Final Score 0 (Level III Sensitivity)

Sensitivity Level I = 20 or more; total containment is required, consider criteria for excluding pit use.

Sensitivity Level II = 15-19; lining is discretionary.

Sensitivity Level III = below 15; no specific lining is required.





State Online Services

Agency List

Business.utah.gov

Search Utah.gov

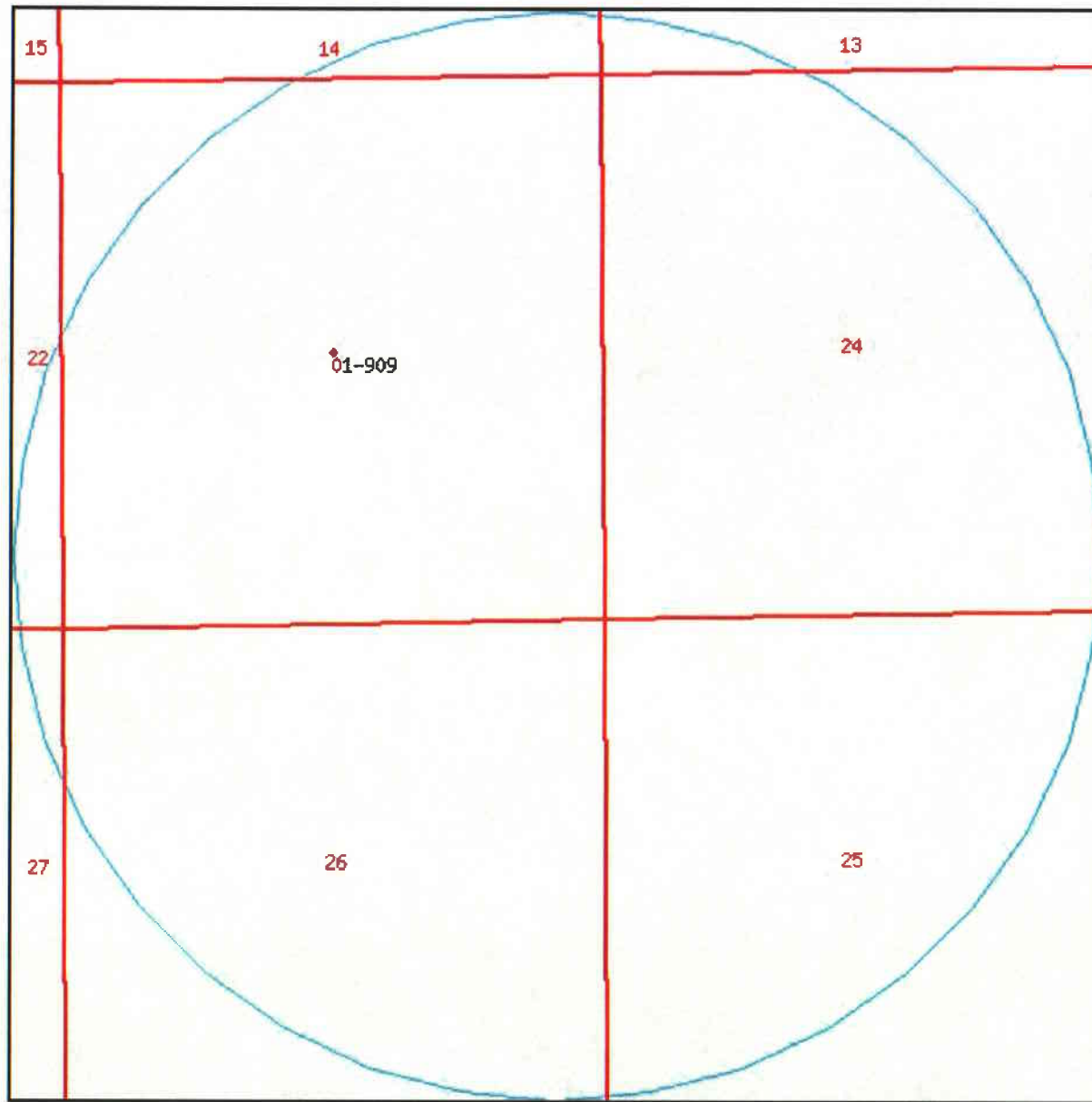
GO

UTAH DIVISION OF WATER RIGHTS

WRPLAT Program Output Listing

Version: 2004.12.30.00 Rundate: 03/17/2006 04:26 PM

Radius search of 5280 feet from a point N616.5 W477.1 from the SE corner, section 23, Township 21S, Range 23E, SL b&m
Criteria:wrtypes=W,C,E podtypes=all status=U,A,P usetypes=all



0 700 1400 2100 2800 ft

Water Rights

WR Number	Diversion Type/Location	Well Log	Status	Priority	Uses	CFS	ACFT	Owner Name
<u>01-909</u>	Point to Point		P	18790000	OS	0.015	0.000	MOAB DISTRICT USA BUREAU OF LAND MANAGEMENT P.O. BOX 970
	0 0 23 21S 23E SL							

[Natural Resources](#) | [Contact](#) | [Disclaimer](#) | [Privacy Policy](#) | [Accessibility Policy](#)

Casing Schematic

Manos

Surface

propose TA - Surface

TOC @
0.TOC @
0.

254 sks w/ 1.18 yield

✓ w/ 10% washout

wt = 15.6 ppg

301 Dakota

8-5/8"
MW 8.4
Frac 19.3Surface
500. MD

575 Morrison

BHP

$$(.052)(9)(1100) = 514$$

Anticipate 400

Gas

$$(.12)(1100) = 132$$

MAWP = 382

BOPE - 3000 - ✓

Surf Csg - 2950

70% = 2065

Max pressure @ Surf Csg shoe = 382

✓ Test Csg to 1500 # as proposed 4-1/2" MW 9.

✓ Adequate (24) 3/27/00

203 sks w/ 1.18 yield
 ✓ w/ 15% Washout
 Actual promised yield = 1.64 c/sk
 wt = 13.8 ppg

Production
1100. MD

Well name:	03-06 Tidewater St 23-5	
Operator:	Tidewater Oil & Gas	Project ID:
String type:	Surface	43-019-31466
Location:	Grand County	

Design parameters:
Collapse

Mud weight: 8.400 ppg
Design is based on evacuated pipe.

Minimum design factors:
Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No
Surface temperature: 65 °F
Bottom hole temperature: 72 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 150 ft

Cement top: Surface

Burst

Max anticipated surface pressure: 38 psi
Internal gradient: 0.433 psi/ft
Calculated BHP 254 psi

No backup mud specified.

Tension:

8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)

Tension is based on air weight.
Neutral point: 437 ft

Non-directional string.

Re subsequent strings:

Next setting depth: 1,100 ft
Next mud weight: 9.000 ppg
Next setting BHP: 514 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 500 ft
Injection pressure 500 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	500	8.625	24.00	K-55	ST&C	500	500	7.972	24.1
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	218	1370	6.285	254	2950	11.59	12	263	21.94 J

Prepared by: Clinton Dworshak
Utah Div. of Oil & Mining

Phone: 801-538-5280

Date: March 21, 2006
Salt Lake City, Utah

ENGINEERING STIPULATIONS: NONE

Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Collapse is based on a vertical depth of 500 ft, a mud weight of 8.4 ppg. The casing is considered to be evacuated for collapse purposes.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

Well name:	03-06 Tidewater St 23-5	
Operator:	Tidewater Oil & Gas	Project ID:
String type:	Production	43-019-31466
Location:	Grand County	

Design parameters:
Collapse

Mud weight: 9.000 ppg
Design is based on evacuated pipe.

Minimum design factors:
Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No
Surface temperature: 65 °F
Bottom hole temperature: 80 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 368 ft

Cement top: Surface

Burst

Max anticipated surface pressure: 38 psi
Internal gradient: 0.433 psi/ft
Calculated BHP 514 psi

No backup mud specified.

Tension:

8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)

Non-directional string.

Tension is based on air weight.
Neutral point: 952 ft

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	1100	4.5	10.50	K-55	ST&C	1100	1100	3.927	23

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	514	4010	7.800	514	4790	9.32	12	146	12.65 J

Prepared by: Clinton Dworshak
Utah Div. of Oil & Mining

Phone: 801-538-5280

Date: March 21, 2006
Salt Lake City, Utah

ENGINEERING STIPULATIONS: NONE

Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Collapse is based on a vertical depth of 1100 ft, a mud weight of 9 ppg. The casing is considered to be evacuated for collapse purposes.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

From: Ed Bonner
To: Whitney, Diana
Date: 5/8/2006 12:36:16 PM
Subject: Well Clearance

The following wells have been given cultural resource clearance by the Trust Lands Cultural Resources Group:

Enduring Resources, LLC

Buck Camp 11-22-13-36
Buck Camp 11-22-14-36
Buck Camp 11-22-21-36
Buck Camp 11-22-22-36
Buck Camp 11-22-23-36
Buck Camp 11-22-24-36
Buck Camp 12-22-11-2
Buck Camp 12-22-13-2
Buck Camp 12-22-21-2
Buck Camp 12-22-24-2
Buck Camp 12-22-34-2
Buck Camp 12-22-41-2 (1 significant site which must be avoided)
Buck Camp 12-22-42-2
Buck Camp 12-22-43-2
Buck Camp 12-22-44-2

Kerr McGee Oil & Gas Onshore LP

NBU 922-32E
NBU 922-32H
NBU 922-32D
NBU 922-32J3
NBU 922-32O2
NBU 922-32J1

Westport Oil & Gas Company

NBU 922-32N

Tidewater Oil & Gas Company

Tidewater State 23-1
Tidewater State 23-2 (1 significant site which must be avoided)
Tidewater State 23-5
Tidewater State 32-3

If you have any questions regarding this matter please give me a call.

CC: Davis, Jim; Garrison, LaVonne; Hill, Brad; Hunt, Gil

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 3

AMENDED REPORT ☐
(highlight changes)

APPLICATION FOR PERMIT TO DRILL				5. MINERAL LEASE NO: ML49492	6. SURFACE: State
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>				7. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
8. TYPE OF WELL: OIL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> OTHER _____ SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>				8. UNIT OR CA AGREEMENT NAME:	
2. NAME OF OPERATOR: Tidewater Oil & Gas Company, LLC				9. WELL NAME and NUMBER: Tidewater State 23-5	
3. ADDRESS OF OPERATOR: 1645 Court Pl, Ste 301 Denver CO 80202				10. FIELD AND POOL, OR WMLDCA: Wildcat	
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 586 FSL, 605 FEL <i>644378X 38.959567</i> AT PROPOSED PRODUCING ZONE: 586 FSL, 605 FEL <i>4313402Y -104.333697</i>				11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESE 23 21S 23E	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 1				12. COUNTY: Grand	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 500		16. NUMBER OF ACRES IN LEASE: 600		17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 10	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) 2679'		19. PROPOSED DEPTH: 1,050		20. BOND DESCRIPTION: Single well	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): Ground level - GL= 4330'		22. APPROXIMATE DATE WORK WILL START: 10/1/2006		23. ESTIMATED DURATION: 7 days	

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT
12.25"	8 5/8" K55 24	500	Redi-mix cement 300 CF 12 ppg
6.5"	4.5 K55 10.5	1,100	Class G w/ 5% gel, 240 CF 12 ppg
			4% Cello flakes,
			2% CACL

ATTACHMENTS

VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:

- | | |
|--|--|
| <input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER | <input checked="" type="checkbox"/> COMPLETE DRILLING PLAN |
| <input checked="" type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER | <input type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER |

NAME (PLEASE PRINT) **R.E. KNIGHT** TITLE **AGENT**
SIGNATURE *[Signature]* DATE **9/19/2006**

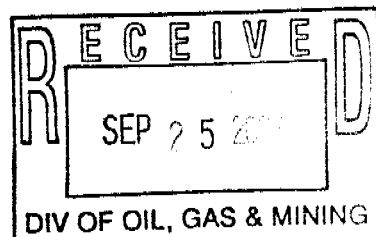
(This space for State use only)

API NUMBER ASSIGNED: **43-019-3146p**

APPROVAL:

(11/2001)

Approved by the
Utah Division of
Oil, Gas and Mining
(See Instructions on Reverse Side)
Date: **09-26-06**
By: *[Signature]*



STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 3

AMENDED REPORT ☐
(highlight changes)

APPLICATION FOR PERMIT TO DRILL				5. MINERAL LEASE NO: ML-49492	6. SURFACE: State
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>				7. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
B. TYPE OF WELL: OIL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> OTHER _____ SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>				8. UNIT or CA AGREEMENT NAME:	
2. NAME OF OPERATOR: Tidewater Oil & Gas Company LLC				9. WELL NAME and NUMBER: Tidewater State 23-5	
3. ADDRESS OF OPERATOR: 1645 Court Pl. Ste 301 CITY Denver STATE CO ZIP 80202				PHONE NUMBER: (303) 468-0656	
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 616.5 FSL, 477.1 FEL AT PROPOSED PRODUCING ZONE: 616.5 FSL, 477.1 FEL				10. FIELD AND POOL OR WILDCAT: Widener <i>Graterisco</i>	
11. QTR/CTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESE 23 21S 23E				12. COUNTY: Grand	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 1				13. STATE: UTAH	
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 477		16. NUMBER OF ACRES IN LEASE: 600		17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 10	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) na		19. PROPOSED DEPTH: 1,050		20. BOND DESCRIPTION: single well	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): Ground level - GL = 4327'		22. APPROXIMATE DATE WORK WILL START: 2/1/2006		23. ESTIMATED DURATION: 7 days	

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT
12.25"	8 5/8" K55 24	500	Redi-mix cement 300 CF 1.18 c/sk 15.6 12ppg
6.5"	4.5" K55 10.5	1,050	Class G w/5% gel 240 CF 1.64 c/sk 13.8 12ppg
			4% Cello flakes.
			2% CaCl

ATTACHMENTS

VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:

- | | |
|--|--|
| <input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER | <input checked="" type="checkbox"/> COMPLETE DRILLING PLAN |
| <input checked="" type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER | <input type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER |

NAME (PLEASE PRINT) James Jone

TITLE Manager

SIGNATURE James Jone

DATE 2/9/2006

(This space for State use only)

API NUMBER ASSIGNED: 43-019-31466

APPROVAL:

Range 23 East

Township 21 South

(N00°19'E - 2654.52')

(N00°05'E - 2645.28')

(N89°46'W - 2640.00')

(N89°46'W - 2640.66')

ELEV. 4345'

(N00°13'E - 2643.30')

(N00°13'E - 2643.30')

(N00°10'E - 2643.30')

(N00°10'E - 2643.30')

(N89°57'W - 5282.64')

23

UTM
N 4313411
E 644394

586.04'
TIDEWATER
STATE #23-5
ELEV. 4330.0'

Location:

The well location was determined using a Trimble 5700 GPS survey grade unit.

Basis of Bearing:

The Basis of Bearing is GPS Measured.

GLO Bearing:

The Bearings indicated are per the recorded plat obtained from the U.S. Land Office.

Basis of Elevation:

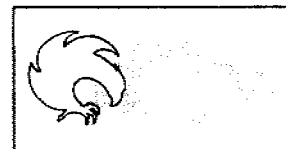
Basis of Elevation of 4345' being at the Northeast Section Corner of Section 23, Township 21 South, Range 23 East, Salt Lake Base and Meridian, as shown on the Cisco Quadrangle 7.5 minute series map.

Description of Location:

Proposed Drill Hole located in the SE/4 SE/4 of Section 23, T21S, R23E, S.L.B.&M., being 586.04' North and 605.73' West from the Southeast Section Corner of Section 23, T21S, R23E, Salt Lake Base & Meridian.

Surveyor's Certificate:

I, Albert J. Spensko, a Registered Professional Land Surveyor, holding Certificate 146652 State of Utah, do hereby certify that the information on this drawing is a true and accurate survey based on data of record and was conducted under my personal direction and supervision as shown hereon.



TALON RESOURCES, INC.

195 North 100 West P.O. Box 1230
Huntington, Utah 84528

Phone (435)687-5310 Fax (435)687-5311
E-Mail talon@etv.net

TIDEWATER

Tidewater State #23-5
Section 23, T21S, R23E, S.L.B.&M.
Grand County, Utah

Drawn By: J. Stansfield	Checked By: L.W.J./A.J.S.
Drawing No. A-1	Date: 06/13/06
	Scale: 1" = 1000'
Sheet 1 of 4	Job No. 2474

Legend

- Drill Hole Location
- ⊕ Metal Cap (Found)
- Brass Cap (Searched for, but not found)
- △ Calculated Corner
- () GLO
- GPS Measured

NOTES:

1. UTM and Latitude / Longitude Coordinates are derived using a GPS Pathfinder and are shown in NAD 27 Datum.

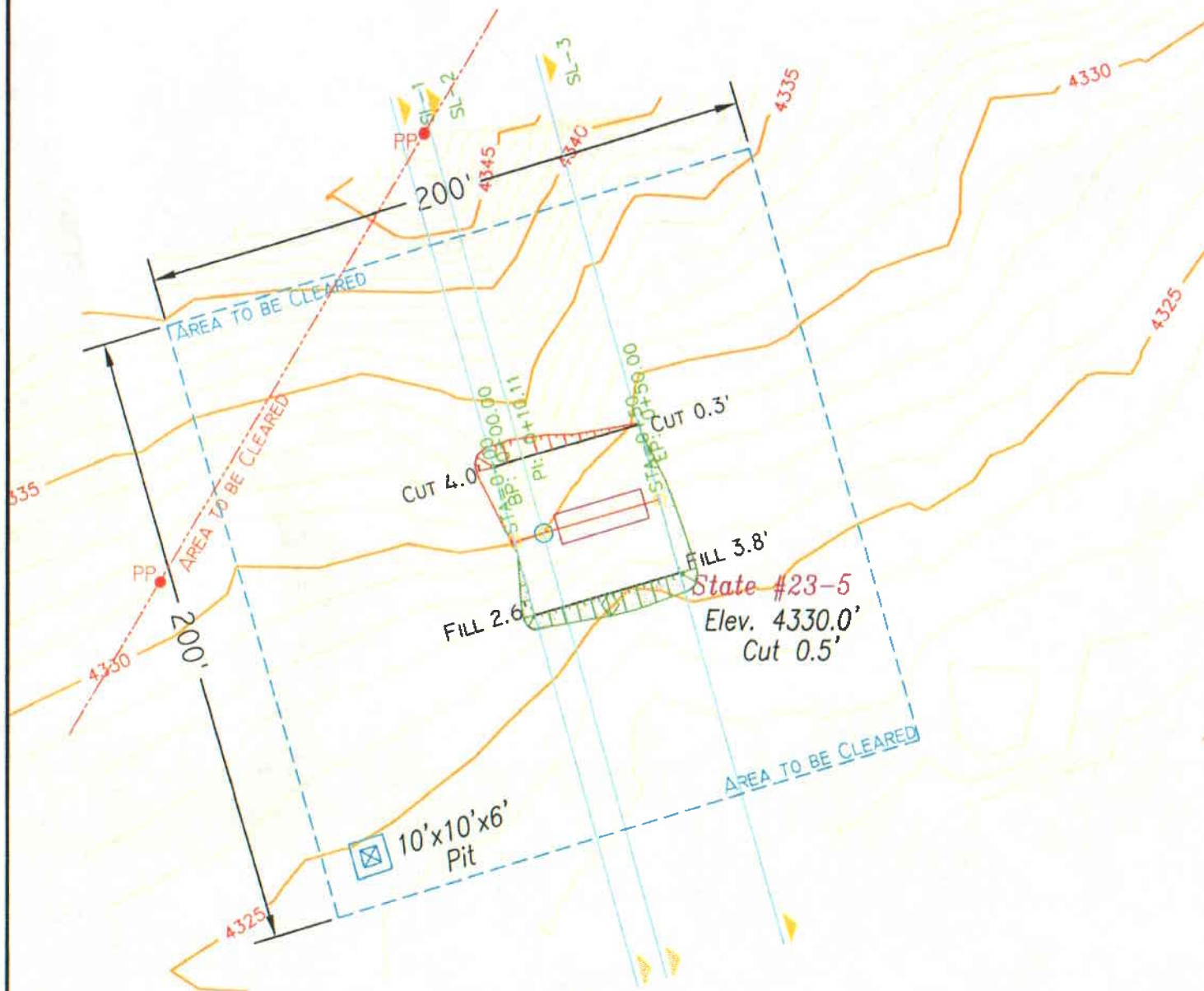
LAT / LONG
38°57'34.714"N
109°20'00.654"W

GRAPHIC SCALE

0 500' 1000'
(IN FEET)
1 inch = 1000 ft.

ELEVATION OF UNGRADED GROUND AT LOCATION STAKE = 4330.0'

ELEVATION OF GRADED GROUND AT LOCATION STAKE = 4329.5'



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E-Mail talon@etv.net

TIDEWATER

LOCATION LAYOUT

Section 23, T21S, R23E, S.L.B.&M.

State #23-5

Drawn By:
J. STANSFIELD

Checked By:
L.W.J.

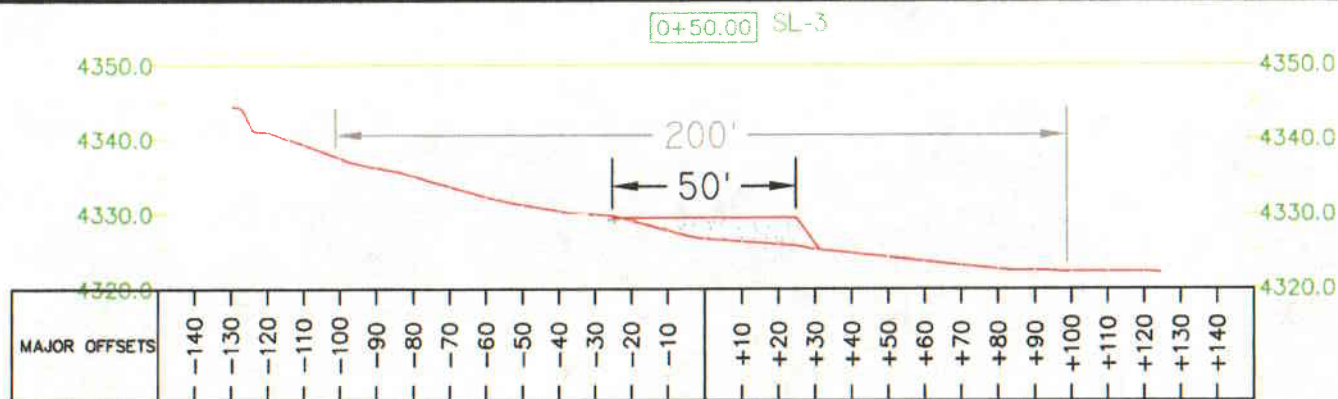
Drawing No.
A-2

Date:
06/13/06

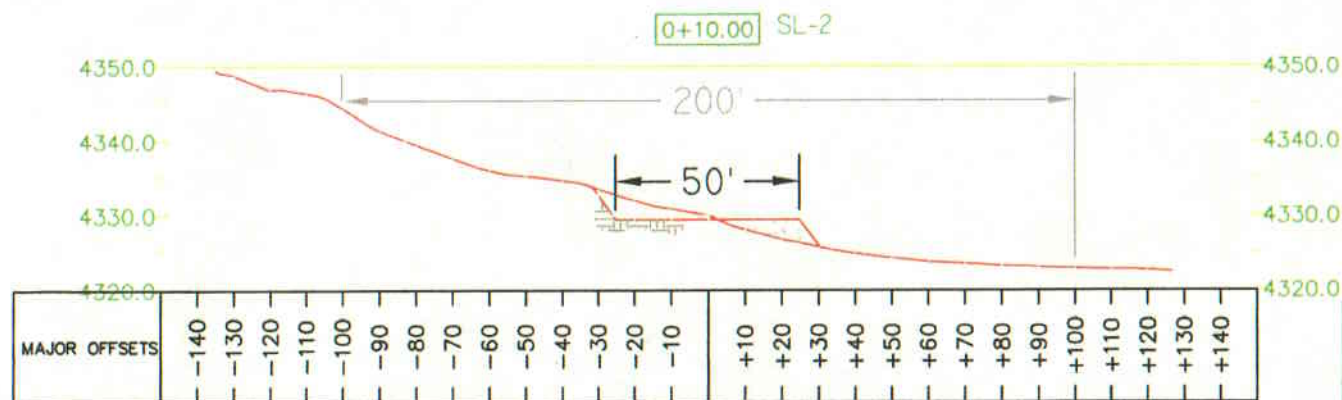
Scale:
1" = 50'

Sheet **2** of **4**

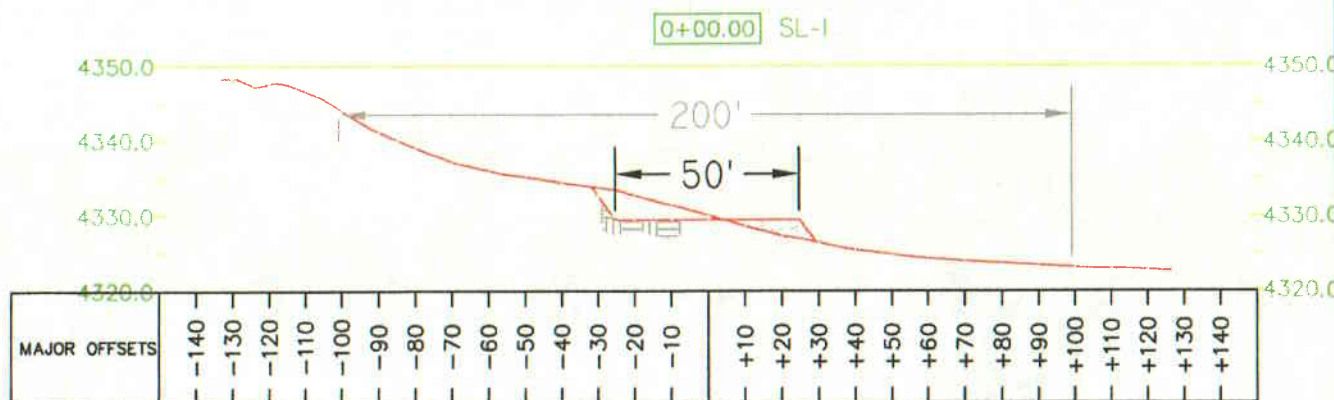
Job No.
2474



1"=25'
X-Section
Scale
1"=40'



SLOPE = 1 1/2 : 1
(EXCEPT PIT)
PIT SLOPE = 1 : 1



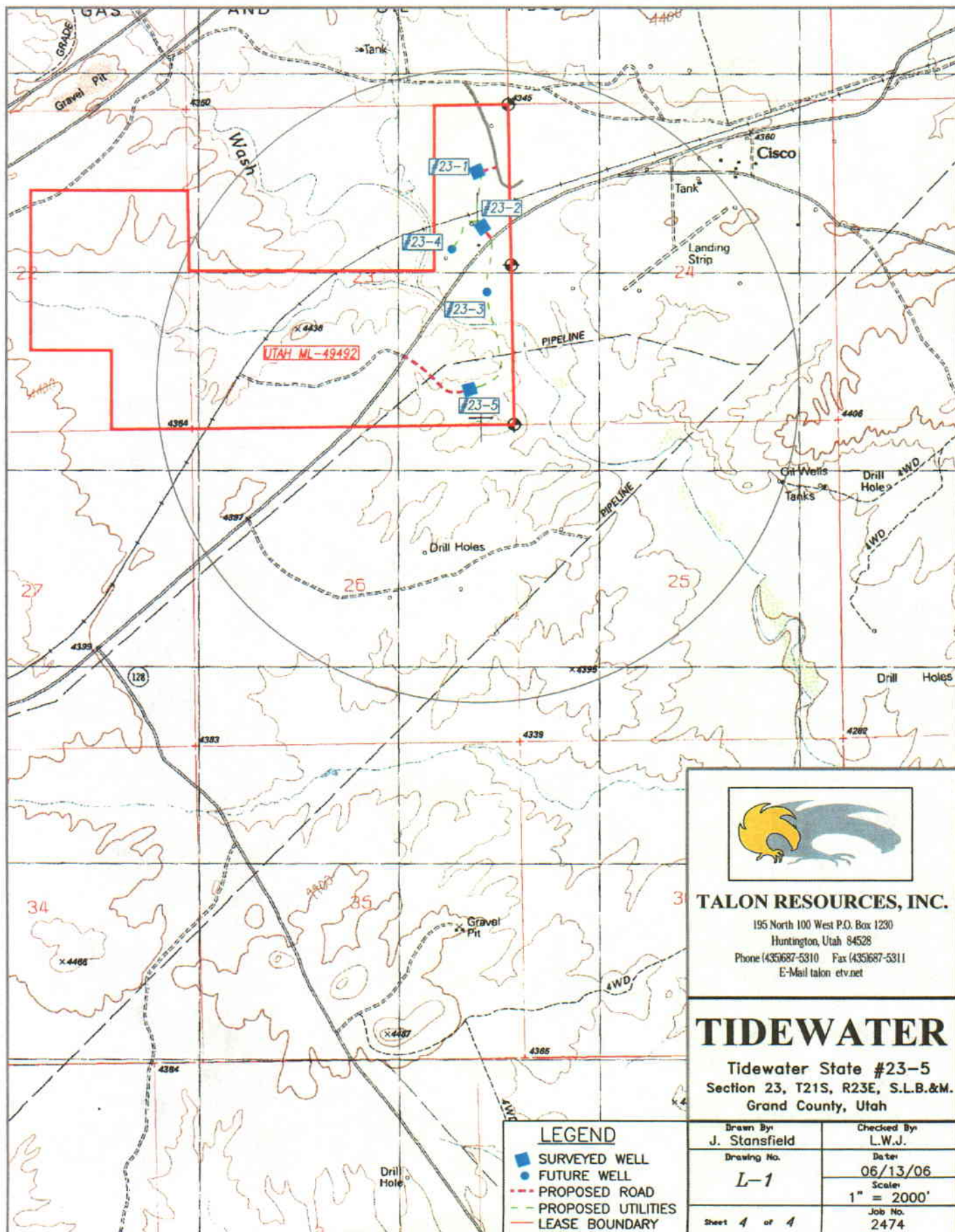
Talon Resources, Inc.
195 North 100 West P.O. Box 1230
Huntington, Utah 84528
Phone (435)687-5310 Fax (435)687-5311
E-Mail talon@etv.net

TIDEWATER

TYPICAL CROSS SECTION
Section 23, T21S, R23E, S.L.B.&M.
State #23-5

Drawn By: J. STANSFIELD	Checked By: L.W.J.
Drawing No. C-1	Date: 06/13/06
	Scale: 1" = 50'
Sheet 3 of 4	Job No. 2474

APPROXIMATE YARDAGES
(6") TOPSOIL STRIPPING = 50 CU. YDS.
REMAINING LOCATION = 60 CU. YDS.
TOTAL CUT = 75 CU. YDS.
TOTAL FILL = 165 CU. YDS.



TALON RESOURCES, INC.

195 North 100 West P.O. Box 1230
Huntington, Utah 84528
Phone (435)687-5310 Fax (435)687-5311
E-Mail talon etv.net

TIDEWATER

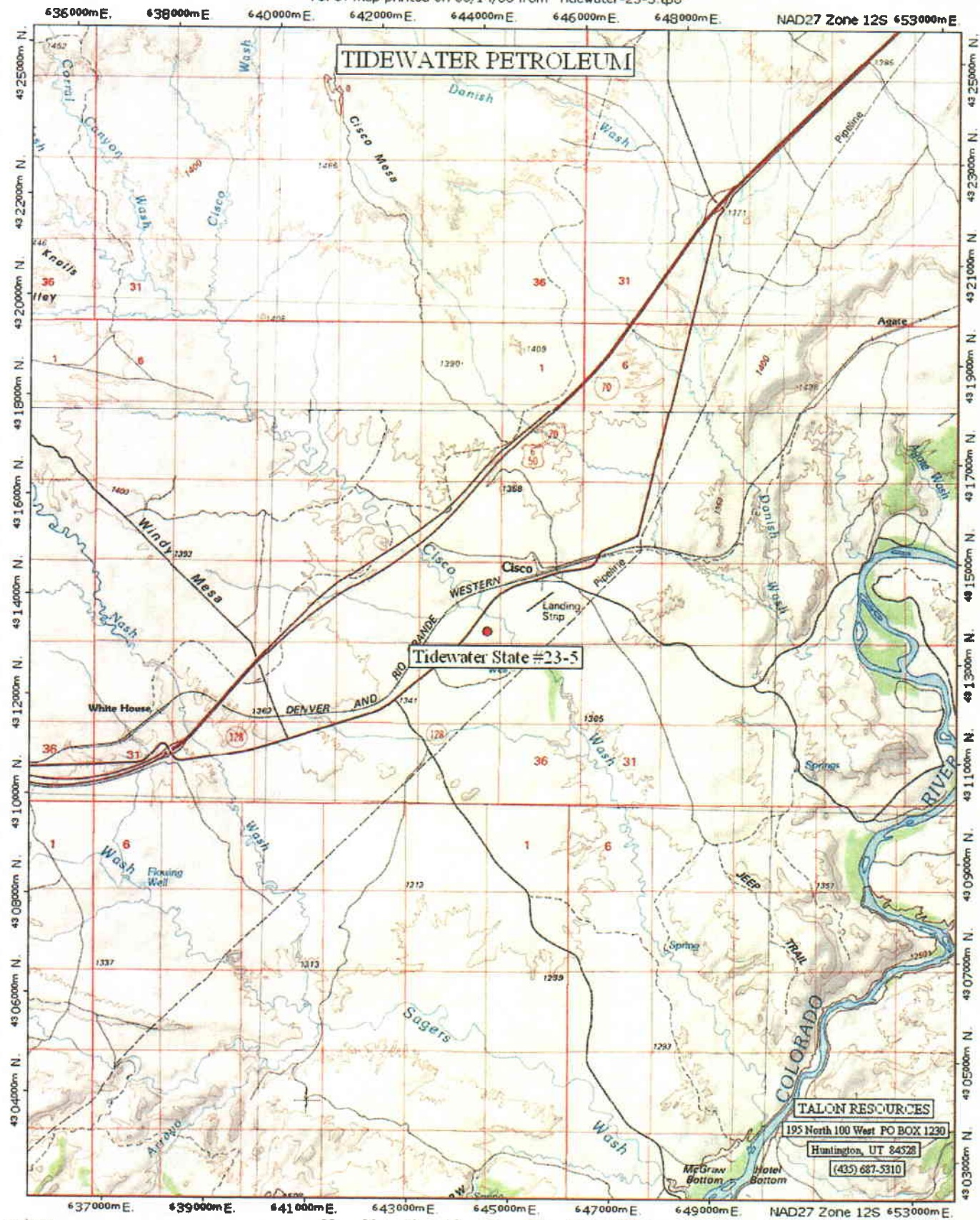
Tidewater State #23-5
Section 23, T21S, R23E, S.L.B.&M.
Grand County, Utah

LEGEND

- SURVEYED WELL
- FUTURE WELL
- PROPOSED ROAD
- PROPOSED UTILITIES
- LEASE BOUNDARY

Drawn By: J. Stansfield	Checked By: L.W.J.
Drawing No. L-1	Date: 06/13/06
	Scale: 1" = 2000'
Sheet 4 of 4	Job No. 2474

TOPO! map printed on 06/14/06 from "Tidewater-23-5.tpo"



TH 12°

0.0 0.5 1.0 1.5 2.0 2.5 3.0 3.5 miles
0 1 2 3 4 5 km
Map created with TOPO!® ©2003 National Geographic (www.nationalgeographic.com/topo)

Tidewater Oil & Gas, LLC

James Jones, President
645 Court Pl, Ste 301
Denver, Co. 80202
303-468-0656

Tidewater State 23-5

SESE Sec 23, T21S, R23E
586 FSL, 605 FEL
Elevation = 4330' ground level

Contact Phone Number

R. E. Knight - 303-808-5672

Lease Type

State Lease

Water Rights

Water used for drilling and completion operations will be purchased from the City of Cisco or Thompson Springs for this project.

Estimated Formation Tops

	Hydrocarbon Bearing	Md, Ft.
Mancos		0
Silt		255
Dakota Silt	HC	301
Dakota Sand	HC	409
Morrison	HC	575
TD		1100

Any anticipated water would be covered by the surface casing set at 500'

Tidewater State 23-5

SESE Sec 23, T21S, R23E

586 FSL, 605 FEL

Elevation = 4330' ground level

Drilling Program

1. Move in. Rig up
2. Drill and cement conductor pipe to 12'. Cement pipe with cement to surface. Wait on cement for 12 hours.
3. Drill 12 ½" hole to 500 ft. using air/mist/fresh water system. Take directional survey at 250' and at 500'. Rig up mud logging equipment. Samples will be taken every 15' from surface casing to total depth.
4. Run surface pipe to TD. Cement casing in hole from TD to surface. Estimate 300 cf of cement required.
5. Wait 12 hours on cement. Install casing head.
6. Rig up BOPE equipment. Test BOPs to 3000 psi. Test casing to 1500 psi. Rig up mud logging equipment. Samples will be taken every 15' from surface casing to total depth.
7. Drill 6 ½" hole from 500' to 1100' using air/ air mist. Take deviation survey every 250'. Use low solids dispersed mud if required. Drill hole to match casing length.
8. Circulate hole with a low solids dispersed mud. Run Resistivity log, Gamma Ray, Neutron Log from total depth to surface casing.
9. Run production casing to TD. Cement casing from TD to surface casing with 240 cubic feet of Class G cement with 5% gel, 4% Cello flakes, 2% CaCl. Land casing with Model R casing head.
10. Rig down. Move rig off location.

Tidewater State 23-5

SESE Sec 23, T21S, R23E

586 FSL, 605 FEL

Elevation = 4330' ground level

Well Equipment and Procedures**Anticipated Water bearing formations**

Surface casing set and cemented to 500' will isolate and protect any potential fresh water zones encountered. Any other water or hydrocarbon bearing zones below 500' will be isolated with casing and cement when the well is completed.

Pressure Control Equipment

Well will utilize a 3000 psi BOP. The BOP will have a pipe rams, blind rams and a hydril. A rotating head will be utilized while drilling with air. All BOPs will be tested to 3000 psi when the equipment is installed and if the integrity of the pressure control system is compromised during drilling operations.

Casing Program**Casing**

Run guide shoe and fill-up collar one joint above bottom. Install centralizers on every other joint of casing. Add centralizer across all productive zones.

Surface pipe – 8 5/8", 24 #/ft, J55

Production – 4 1/2", 10.5 #/ft, J55

Cementing

Surface pipe will be cemented to surface using redi-mix cement and the rig pump. An estimated 300 cu. ft of 12 ppg cement will be used to cement the casing.

Production string will be cemented from TD to Surface pipe using Class G cement with 5% gel, 4% Cello flakes, 2% CaCl. Cement volumes to be confirmed from logs. Fifty percent excess will be included in calculations. An estimated 240 cu. ft of 12 ppg cement will be used to cement the casing. All potential producing zones will be covered with cement.

Circulating Medium

The well will be drilled utilizing air or air mist. If required, a nondispersed, low solids 9.0 ppg mud will be used in the well. Adequate weight material will be on location to be able to contain any unforeseen formation pressures during the drilling operations. Viscosity will be maintained at 40 for logging.

Well Testing**Mud Logging**

An on-site geologist will be on location from surface to total depth. Take samples every 15 feet while drilling. Hydrocarbon monitoring and detection equipment will be utilized during drilling operations.

Tidewater State 23-5

SESE Sec 23, T21S, R23E

586 FSL, 605 FEL

Elevation = 4330' ground level

Logging Program

The well will be logged from TD to surface casing with a Resistivity log, Gamma Ray log and Compensated Neutron Log.

Deviation

Take deviation survey every 250'. Maximum change will be 2° between surveys. This will be a vertical well.

Anticipated Pressures & Potential hazardous conditions

Anticipated formation pressures will be under hydrostatic gradient. Expected bottom hole pressure is estimated to be 400 psi.

No abnormal pressures or temperatures are anticipated.

No hydrogen sulfide gas is anticipated.

Adequate weight material will be on location to be able to contain any unforeseen formation pressures during the drilling operations.



State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

September 26, 2006

Tidewater Oil & Gas Company, LLC
1645 Court Pl. Ste. 301
Denver, CO 80202

Re: Tidewater State 23-5 Well, 586' FSL, 605' FEL, SE SE, Sec. 23, T. 21 South,
R. 23 East, Grand County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-019-31466.

Sincerely,

A handwritten signature in black ink, appearing to read "Gil Hunt".

Gil Hunt
Associate Director

pab
Enclosures

cc: Grand County Assessor
SITLA

Operator: Tidewater Oil & Gas Company, LLC
Well Name & Number Tidewater State 23-5
API Number: 43-019-31466
Lease: ML-49492

Location: SE SE Sec. 23 T. 21 South R. 23 East

Conditions of Approval

1. **General**

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for Permit to Drill.

2. **Notification Requirements**

The operator is required to notify the Division of Oil, Gas and Mining of the following actions during drilling of this well:

- 24 hours prior to cementing or testing casing
- 24 hours prior to testing blowout prevention equipment
- 24 hours prior to spudding the well
- within 24 hours of any emergency changes made to the approved drilling program
- prior to commencing operations to plug and abandon the well

The following are Division of Oil, Gas and Mining contacts and their work telephone numbers (please leave a voice mail message if the person is not available to take the call):

- Dan Jarvis at (801) 538-5338
- Carol Daniels at (801) 538-5284 (spud)

3. **Reporting Requirements**

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. Compliance with the State of Utah Antiquities Act forbids disturbance of archeological, historical, or paleontological remains. Should archeological, historical or paleontological remains be encountered during your operations, you are required to immediately suspend all operations and immediately inform the Trust Lands Administration and the Division of State History of the discovery of such remains.

5. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

6. LEASE DESIGNATION AND SERIAL NUMBER:
ML49492

8. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CO AGREEMENT NAME:

9. WELL NAME and NUMBER:
Tidewater State 23-5

9. API NUMBER:
019-31466

10. FIELD AND POOL, OR WILDCAT:
Wildcat

1. TYPE OF WELL

OIL WELL ☐

GAS WELL ☒

OTHER ☐

2. NAME OF OPERATOR:

TIDEWATER OIL & GAS COMPANY, LLC

3. ADDRESS OF OPERATOR:

1645 Court Pl, #301

CITY **Denver**

STATE **CO**

ZIP **80202**

PHONE NUMBER:

(303) 468-0656

4. LOCATION OF WELL

FOOTAGES AT SURFACE: **586 FSL, 605 FEL**

COUNTY: **Grand**

QTR/QR, SECTION, TOWNSHIP, RANGE, MERIDIAN: **SESE 23 21S 23E**

STATE:

UTAH

11. **CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA**

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: 6/25/2007	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input checked="" type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion:	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER:
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Present Drilling Permit calls for 500 ft Surface Pipe in an 1100 ft well. We have never set more than 150 ft of Surface at Cisco. Hereby request permission to set 150 ft 8 5/8 Surface. Sufficient cement will be pumped to circulate.

NAME (PLEASE PRINT) **J. N. Burkhalter**

TITLE **Agent**

SIGNATURE

J. N. Burkhalter

DATE

6/18/2007

(This space for State use only)

**APPROVED BY THE STATE
 OF UTAH DIVISION OF
 OIL, GAS, AND MINING**

DATE: **6/26/07**

BY: *[Signature]*

* Common in Area, - 4 1/2" production casing shall be cemented from TD back to surface

**RECEIVED
 JUN 25 2007**

DIV. OF OIL, GAS & MINING

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: ML49492
2. NAME OF OPERATOR: TIDEWATER OIL & GAS COMPANY, LLC		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: _____
3. ADDRESS OF OPERATOR: 1645 Court Pl, #301 CITY Denver STATE CO ZIP 80202		7. UNIT or CA AGREEMENT NAME: _____
4. LOCATION OF WELL FOOTAGES AT SURFACE: 586 FSL, 605 FEL		8. WELL NAME and NUMBER: Tidewater State 23-5
QTR/QTR. SECTION, TOWNSHIP, RANGE, MERIDIAN: SESE 23 21S 23E		9. API NUMBER: 019-31466
		10. FIELD AND POOL, OR WILDCAT: Wildcat
		COUNTY: Grand
		STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: 6/25/2007	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion:	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: Drill Deeper to 2990
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Well is permitted to 1100 ft. Operator desires to drill to 2990 to explore a little deeper. Please alter permit to a Depth of 2990 or Granite, whichever comes first.

Estimated Fmn Tops:

Mancos Shale: Surface

Dakota Group: 336 - might contain moisture or gas or oil or all three

Morrison: 525 - depending on lenticular sands, may have water, oil, gas or nothing

Curtis-Moab Tongue-Entrada: 1098 - very sensitive to structure, could be dry or have water, oil or gas or all three

Carmel: 1394 - dry

Navajo is absent at Cisco

Kayenta: Maybe 1469

Wingate: Maybe 1699

Chinle: Est 2029

7-2-07
Rm

Basement: Est 2229. We have never encountered more than 825 psi pressure - and that in Cisco Dome 15 mi north of Cisco at 2700+ ft. No evidence of ground water - 150' of surface pipe should be adequate.

NAME (PLEASE PRINT) J. N. Burkhalter	TITLE Agent
SIGNATURE <i>J. N. Burkhalter</i>	DATE 6/25/2007

(This space for State use only)

**APPROVED BY THE STATE
OF UTAH DIVISION OF
OIL, GAS, AND MINING**

DATE: **6/29/07**
BY: *[Signature]* (See instructions on Reverse Side)

(5/2000)

**RECEIVED
JUN 25 2007**

DIV. OF OIL, GAS & MINING

* Cement for 4 1/2" production string shall be circulated back to surface

Well name:	03-06 Tidewater St 23-5rev.	
Operator:	Tidewater Oil & Gas	Project ID:
String type:	Production	43-019-31466
Location:	Grand County	

Design parameters:

Collapse

Mud weight: 9.000 ppg
Design is based on evacuated pipe.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No
Surface temperature: 65 °F
Bottom hole temperature: 107 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 368 ft

Cement top: 1,852 ft

Burst

Max anticipated surface pressure: 104 psi
Internal gradient: 0.433 psi/ft
Calculated BHP 1,398 psi

No backup mud specified.

Tension:

8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)

Non-directional string.

Tension is based on air weight.
Neutral point: 2,583 ft

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	2990	4.5	9.50	J-55	ST&C	2990	2990	3.965	272.8
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	1398	3310	2.368	1398	4380	3.13	28	101	3.56 J

Prepared Clinton Dworshak
by: Div of Oil, Gas & Minerals

Phone: 801-538-5280

Date: June 29, 2007
Salt Lake City, Utah

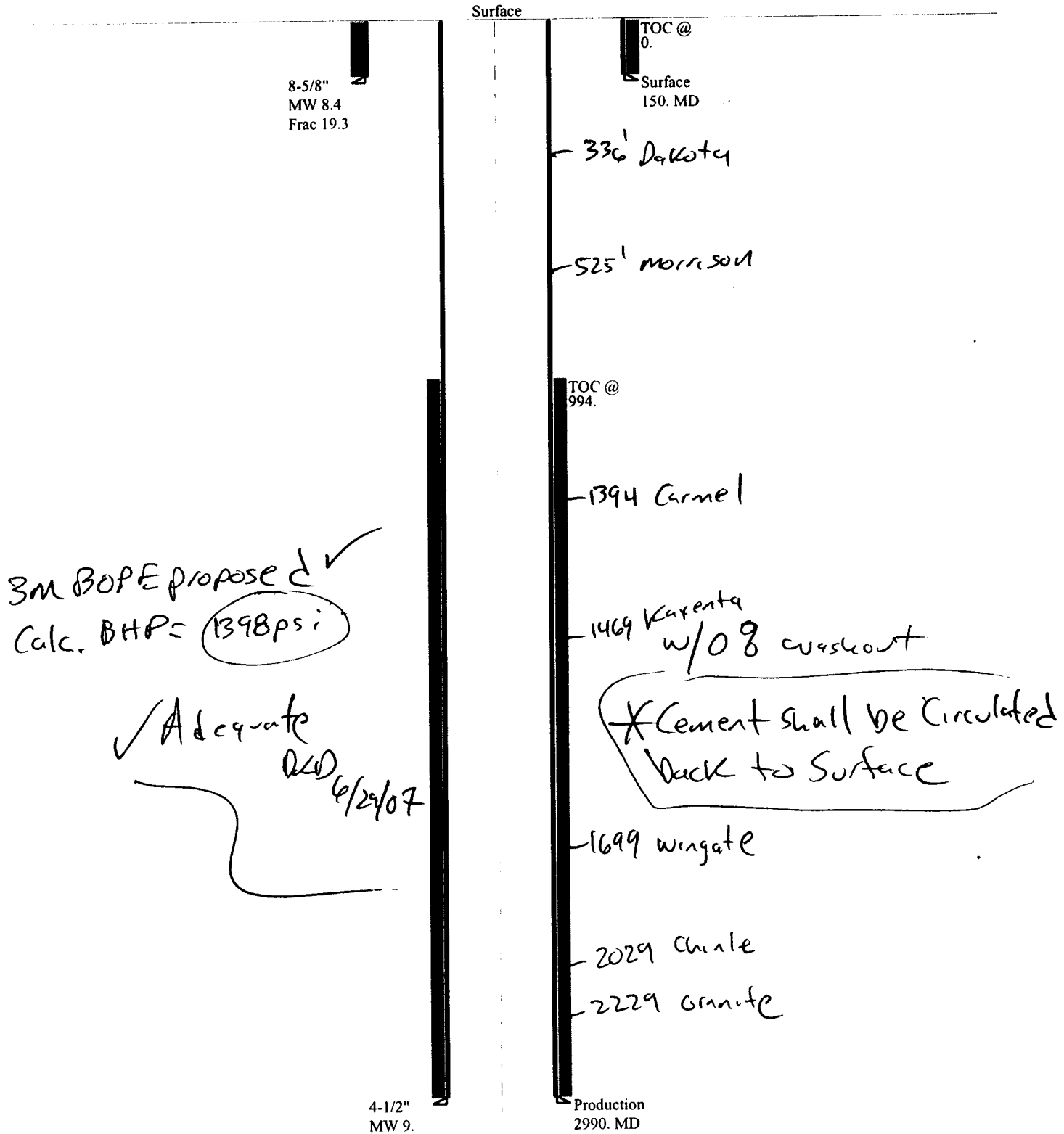
ENGINEERING STIPULATIONS: NONE

Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.
Collapse is based on a vertical depth of 2990 ft, a mud weight of 9 ppg. The casing is considered to be evacuated for collapse purposes.
Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

03-06 Tidewater St 23-5rev.

Casing Schematic



DIVISION OF OIL, GAS AND MINING

SPUDDING INFORMATION

Name of Company: TIDEWATER OIL & GAS COMPANY, LLC

Well Name: TIDEWATER ST 23-5

Api No: 43-019-31466 Lease Type: STATE

Section 23 Township 21S Range 23E County GRAND

Drilling Contractor PETE MARTIN DRLG RIG # RATHOLE

SPUDDED:

Date 07/02/07

Time

How DRY

Drilling will Commence:

Reported by NEUT BURKHALTER

Telephone # (970) 260-0765

Date 07/02/07 Signed CHD

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 6

ENTITY ACTION FORM

Operator: Tidewater Oil & Gas, LLC Operator Account Number: N 3000
Address: 110 16TH Street, Suite 1220
city Denver
state CO zip 80202 Phone Number: (303) 468-0656

Well 1

API Number	Well Name		QQ	Sec	Twp	Rng	County
4301931466	Tidewater ST 23-5		SESE	23	21S	23E	Grand
Action Code	Current Entity Number	New Entity Number	Spud Date			Entity Assignment Effective Date	
A	99999	16258	7/2/2007			7/26/07	
Comments: <u>WINGT</u>							

Well 2

API Number	Well Name		QQ	Sec	Twp	Rng	County
4301931511	Cactus Rose Fed 29-44-2119		SESE	29	21S	19E	GRAND
Action Code	Current Entity Number	New Entity Number	Spud Date			Entity Assignment Effective Date	
A	99999	16259	12/6/2006			7/26/07	
Comments: <u>NAVA</u>							

Well 3

API Number	Well Name		QQ	Sec	Twp	Rng	County
Action Code	Current Entity Number	New Entity Number	Spud Date			Entity Assignment Effective Date	
Comments: 							

ACTION CODES:

- A - Establish new entity for new well (single well only)
- B - Add new well to existing entity (group or unit well)
- C - Re-assign well from one existing entity to another existing entity
- D - Re-assign well from one existing entity to a new entity
- E - Other (Explain in 'comments' section)

R.E. KNIGHT

Name (Please Print)

Signature
AGENT

6/13/2007

Title

Date

JUL 25 2007

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <u>Dry Hole</u>		5. LEASE DESIGNATION AND SERIAL NUMBER: <u>ML49492</u>
2. NAME OF OPERATOR: <u>TIDEWATER OIL & GAS COMPANY, LLC</u>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: _____
3. ADDRESS OF OPERATOR: <u>110 16th Street, Ste 1220</u> CITY <u>Denver</u> STATE <u>CO</u> ZIP <u>80202</u>		7. UNIT or CA AGREEMENT NAME: _____
4. LOCATION OF WELL FOOTAGES AT SURFACE: <u>586 FSL, 605 FEL</u>		8. WELL NAME and NUMBER: <u>State #23-5</u>
QTR/CTR. SECTION, TOWNSHIP, RANGE, MERIDIAN: <u>SESE 25 21S 23E</u>		9. API NUMBER: <u>019-31466</u>
PHONE NUMBER: <u>(303) 468-0656</u>		10. FIELD AND POOL, OR WILDCAT: <u>Wildcat</u>
COUNTY: <u>Grand</u>		STATE: <u>UTAH</u>

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input checked="" type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: <u>7/23/2007</u>	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

After conversation w/ Dustin Doucet, well was plugged as follows:

Plug # 1: Pumped 45 sx on bottom, 2250 up to +/- 2150

Plug # 2: Top of Entrada at 1118: Pipe at 1151 - pumped 45sx at 1900 hrs. Tagged at 1010 at 2330 hrs 07/22/07

Plug # 3: Surface Pipe at 184 KB. Pumped 60 sx from 212 up to surface. Good returns, hole stayed full.

Plug #3 finished at 0130 hrs on 07/23/07.

APPROVED BY THE STATE
OF UTAH DIVISION OF
OIL, GAS, AND MINING

DATE: 7/30/07
BY: [Signature]

*Verbal Approval given 7/22/07 - See attached email

COPIES SENT TO OPERATOR
DATE: 8/30/07
BY: Rm

RECEIVED

JUL 25 2007

DIV. OF OIL, GAS & MINING

NAME (PLEASE PRINT) J. N. Burkhalter

TITLE Agent

SIGNATURE [Signature]

DATE 7/24/2007

From: Dustin Doucet
To: Kettle, Bart
Date: 7/23/2007 4:28 PM
Subject: Tidewater Plugging

Bart,

Newt Burkhalter called me yesterday and I gave him verbal approval to plug the Tidewater State 23-5 (I think that was the well I gave approval for??) in the following manner:

Plug 1 100' at the top of the basement rock @ 2240' - do not need to tag
Plug 2 - 100' plug across the top of the Entrada @ ~1140' - tag
Plug 3 - from 50' below the shoe (@ 180') to surface.

Newt said he left a message with you yesterday, so you are probably done with it now, but thought I would memorialize it with an email. I probably should have done this yesterday. Hope it didn't cause any problems.

Dustin

Dustin K. Doucet
Petroleum Engineer
Utah Division of Oil, Gas and Mining
Oil and Gas Program
1594 West North Temple, Suite 1210
Salt Lake City, UT 84116

Phone: (801) 538-5281
fax: (801) 359-3940
email: dustindoucet@utah.gov

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

AMENDED REPORT ☐ FORM 8
(highlight changes)

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. TYPE OF WELL:	OIL WELL <input type="checkbox"/>	GAS WELL <input type="checkbox"/>	DRY <input checked="" type="checkbox"/>	OTHER _____		
b. TYPE OF WORK:	NEW WELL <input checked="" type="checkbox"/>	HORIZ. LATS. <input type="checkbox"/>	DEEP-EN <input type="checkbox"/>	RE-ENTRY <input type="checkbox"/>	DIFF. RESVR. <input type="checkbox"/>	OTHER _____
2. NAME OF OPERATOR: Tidewater Oil & Gas Company LLC						
3. ADDRESS OF OPERATOR: 110 16th Street CITY Denver STATE CO ZIP 80202				PHONE NUMBER: (303) 468-0656		
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 586 FSL, 605 FEL AT TOP PRODUCING INTERVAL REPORTED BELOW: NA AT TOTAL DEPTH: Same as Surface						
5. LEASE DESIGNATION AND SERIAL NUMBER: ML-49492						
6. IF INDIAN, ALLOTTEE OR TRIBE NAME _____						
7. UNIT or CA AGREEMENT NAME _____						
8. WELL NAME and NUMBER: State #23-5						
9. API NUMBER: 019-31466						
10. FIELD AND POOL, OR WILDCAT Wildcat						
11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESE 23 21S 23E						
12. COUNTY Grand				13. STATE UTAH		

14. DATE SPUDDED: 6/29/2007	15. DATE T.D. REACHED: 7/21/2007	16. DATE COMPLETED: 7/23/2007	ABANDONED <input checked="" type="checkbox"/> READY TO PRODUCE <input type="checkbox"/>	17. ELEVATIONS (DF, RKB, RT, GL): 4326 GL, 4337 KB
18. TOTAL DEPTH: MD 2,250 TVD 2,250	19. PLUG BACK T.D.: MD TVD	20. IF MULTIPLE COMPLETIONS, HOW MANY? *	21. DEPTH BRIDGE MD PLUG SET: TVD	
22. TYPE ELECTRIC AND OTHER MECHANICAL LOGS RUN (Submit copy of each) Dual Laterolog, Dual Spaced Neutron, Spectral Density, Sonic			23. WAS WELL CORED? NO <input checked="" type="checkbox"/> YES <input type="checkbox"/> (Submit analysis) WAS DST RUN? NO <input checked="" type="checkbox"/> YES <input type="checkbox"/> (Submit report) DIRECTIONAL SURVEY? NO <input checked="" type="checkbox"/> YES <input type="checkbox"/> (Submit copy)	

24. CASING AND LINER RECORD (Report all strings set in well)

HOLE SIZE	SIZE/GRADE	WEIGHT (#/ft.)	TOP (MD)	BOTTOM (MD)	STAGE CEMENTER DEPTH	CEMENT TYPE & NO. OF SACKS	SLURRY VOLUME (BBL)	CEMENT TOP **	AMOUNT PULLED
12 1/4"	8 5/8 J55	24	0	184		HE 100	26	Circulated	None

25. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)

26. PRODUCING INTERVALS

FORMATION NAME	TOP (MD)	BOTTOM (MD)	TOP (TVD)	BOTTOM (TVD)	INTERVAL (Top/Bot - MD)	SIZE	NO. HOLES	PERFORATION STATUS
(A)								Open <input type="checkbox"/> Squeezed <input type="checkbox"/>
(B)								Open <input type="checkbox"/> Squeezed <input type="checkbox"/>
(C)								Open <input type="checkbox"/> Squeezed <input type="checkbox"/>
(D)								Open <input type="checkbox"/> Squeezed <input type="checkbox"/>

28. ACID, FRACTURE, TREATMENT, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL	AMOUNT AND TYPE OF MATERIAL

29. ENCLOSED ATTACHMENTS:

- | | | | |
|--|--|---------------------------------------|---|
| <input checked="" type="checkbox"/> ELECTRICAL/MECHANICAL LOGS | <input type="checkbox"/> GEOLOGIC REPORT | <input type="checkbox"/> DST REPORT | <input type="checkbox"/> DIRECTIONAL SURVEY |
| <input checked="" type="checkbox"/> SUNDRY NOTICE FOR PLUGGING AND CEMENT VERIFICATION | <input type="checkbox"/> CORE ANALYSIS | <input type="checkbox"/> OTHER: _____ | |

30. WELL STATUS:

P & A

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DIV. OF OIL, GAS & MINING

31. INITIAL PRODUCTION

INTERVAL A (As shown in Item #26)

DATE FIRST PRODUCED:		TEST DATE:		HOURS TESTED:		TEST PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	INTERVAL STATUS:

INTERVAL B (As shown in Item #26)

DATE FIRST PRODUCED:		TEST DATE:		HOURS TESTED:		TEST PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	INTERVAL STATUS:

INTERVAL C (As shown in Item #26)

DATE FIRST PRODUCED:		TEST DATE:		HOURS TESTED:		TEST PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	INTERVAL STATUS:

INTERVAL D (As shown in Item #26)

DATE FIRST PRODUCED:		TEST DATE:		HOURS TESTED:		TEST PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	INTERVAL STATUS:

32. DISPOSITION OF GAS (Sold, Used for Fuel, Vented, Etc.)

33. SUMMARY OF POROUS ZONES (Include Aquifers):

Show all important zones of porosity and contents thereof. Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

34. FORMATION (Log) MARKERS:

Formation	Top (MD)	Bottom (MD)	Descriptions, Contents, etc.	Name	Top (Measured Depth)
Dakota	400	510	Nothing	Mancos	0
Entrada	1,118	1,448	Calculates Wet	Dakota	412
				Morrison	510
				Entrada	1,118
				Carmel	1,448
				Navajo?	1,486
				Wingate	1,740
				Chinle	2,032
				Pre-Cambrian	2,198
				TD	2,250

35. ADDITIONAL REMARKS (Include plugging procedure)

Plug #1: 45sx, 2250-2150; Plug #2: 45sx, 1151-1010; Surf Plug 60 sx, 212 to surface. Plug #2 Tagged at 1010.

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records.

NAME (PLEASE PRINT) J. N. Burkhalter, PE

TITLE Agent

SIGNATURE

DATE 8/3/2007

This report must be submitted within 30 days of

- completing or plugging a new well
- drilling horizontal laterals from an existing well bore
- recompleting to a different producing formation
- reentering a previously plugged and abandoned well
- significantly deepening an existing well bore below the previous bottom-hole depth
- drilling hydrocarbon exploratory holes, such as core samples and stratigraphic tests

* ITEM 20: Show the number of completions if production is measured separately from two or more formations.

** ITEM 24: Cement Top – Show how reported top(s) of cement were determined (circulated (CIR), calculated (CAL), cement bond log (CBL), temperature survey (TS)).

Send to: Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

Phone: 801-538-5340

Fax: 801-359-3940

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <u>Dry Hole</u>		5. LEASE DESIGNATION AND SERIAL NUMBER: ML49492
2. NAME OF OPERATOR: TIDEWATER OIL & GAS COMPANY, LLC		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: _____
3. ADDRESS OF OPERATOR: 110 16th Street, Ste 1220 CITY <u>Denver</u> STATE <u>CO</u> ZIP <u>80202</u>		7. UNIT or CA AGREEMENT NAME: _____
4. LOCATION OF WELL FOOTAGES AT SURFACE: <u>586 FSL, 605 FEL</u>		8. WELL NAME and NUMBER: State #23-5
5. PHONE NUMBER: (303) 468-0656		9. API NUMBER: 019-31466
6. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: <u>SESE 25 21S 23E</u>		10. FIELD AND POOL, OR WILDCAT: Wildcat

COUNTY: Grand

STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input checked="" type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: <u>7/23/2007</u>	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

After conversation w/ Dustin Doucet, well was plugged as follows:

Plug # 1: Pumped 45 sx on bottom, 2250 up to +/- 2150

Plug # 2: Top of Entrada at 1118: Pipe at 1151 - pumped 45sx at 1900 hrs. Tagged at 1010 at 2330 hrs 07/22/07

Plug # 3: Surface Pipe at 184 KB. Pumped 60 sx from 212 up to surface. Good returns, hole stayed full.
Plug #3 finished at 0130 hrs on 07/23/07.

NAME (PLEASE PRINT) J. N. Burkhalter TITLE Agent
SIGNATURE [Signature] DATE 7/24/2007

(This space for State use only)

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AUG 07 2007

DIV. OF OIL, GAS & MINING

JOB LOG

TICKET #
5248755

TICKET DATE
7/22/2007

NWA / COUNTRY
ROCKY MOUNTAIN

BDA / STATE
COLORADO

COUNTY
Grand Junction

MBU ID / EMPL. # 314204

H.E.S. EMPLOYEE NAME
MARK MAYO

CEMENTING SERVICES

LOCATION
GRAND JUNCTION

COMPANY
TIDEWATER

CUSTOMER REP / PHONE
NEWT BURKHALTER

TICKET AMOUNT

WELL TYPE
02 GAS

APLUM #

WELL LOCATION

DEPARTMENT
ZONAL ISOLATION 10003

JOB PURPOSE CODE
7528

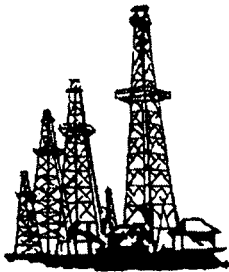
Description	PLUG TO ABANDON
1. The plug is a small, rectangular, black plastic device that fits into the cigarette lighter socket of a vehicle. It is designed to prevent the cigarette lighter from being used to light cigarettes, thereby reducing the risk of fire.	
2. The plug is made of a non-flammable material and is resistant to heat and fire. It is also designed to be easy to install and remove.	
3. The plug is available in two sizes: one for standard cigarette lighters and one for larger, heavy-duty lighters. It is sold in a variety of colors and designs to match the interior of the vehicle.	
4. The plug is a simple, effective device that can be used to prevent cigarette lighters from being used to light cigarettes. It is a small, inexpensive device that can be used to reduce the risk of fire in vehicles.	

LEASE NAME
State Federal

Well No. **23-5**

SEC / TWP / RNG

[illegible]



*Petroleum and Energy Consultants
Registered in Rocky Mountain States
Oil & Gas Production*

BURKHALTER ENGINEERING, INC.

751 Horizon Ct., Suite 245
P.O. Box 60095
Grand Junction, Co 81506
Telephone (970) 243-6060
Fax (970) ~~243-6060~~ 243-6060
Mobile (970) 260-0765

August 3, 2007

Dustin Doucet
Division of Oil, Gas & Mining
P.O. Box 145801
Salt Lake City, UT 84114-5801

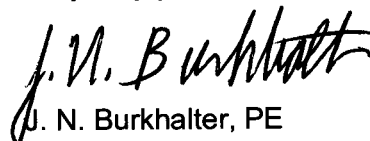
Re: Completion Report
Tidewater Oil & Gas Company LLC
State #23-5
586 FSL, 605 FEL, Sec 23, T21S, R23E
Grand County, Utah

Dear Dustin:

Enclosed is the Completion Report and Log for the referenced well. Additionally, I have enclosed a copy of the Sundry with P & A plan, the cement report from Halliburton and the logs. The pit is dry and will be closed in the next couple of days. A regulation dry hole marker will be installed timely.

Please call if you have questions/need further information.

Very truly yours,


J. N. Burkhalter, PE

cc: Jim Jones

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AUG 07 2007

DIV. OF OIL, GAS & MINING

Division of Oil, Gas and Mining
OPERATOR CHANGE WORKSHEET

ROUTING

1. DJJ
2. CDW

X - Change of Operator (Well Sold)

Operator Name Change/Merger

The operator of the well(s) listed below has changed, effective:

2/12/2008

FROM: (Old Operator): N3000-Tidewater Oil & Gas Company, LLC 110 16th St, Suite 1200 Denver, CO 80202 Phone: 1 (303) 327-7134	TO: (New Operator): N3440-NAE, LLC 16800 Imperial Valley Dr, Suite 380 Houston, TX 77060 Phone: 1 (281) 931-8933
--	--

CA No.				Unit:				
WELL NAME	SEC TWN RNG			API NO	ENTITY NO	LEASE TYPE	WELL TYPE	WELL STATUS
SEE ATTACHED LIST								

OPERATOR CHANGES DOCUMENTATION

Enter date after each listed item is completed

- (R649-8-10) Sundry or legal documentation was received from the **FORMER** operator on: 2/26/2008
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 2/22/2008
- The new company was checked on the **Department of Commerce, Division of Corporations Database** on: 1/15/2008
- a. Is the new operator registered in the State of Utah: _____ Business Number: 6666480-0161
- b. If **NO**, the operator was contacted on: _____
- 5a. (R649-9-2) Waste Management Plan has been received on: IN PLACE
- 5b. Inspections of LA PA state/fee well sites complete on: ok
- 5c. Reports current for Production/Disposition & Sundries on: ok
- Federal and Indian Lease Wells:** The BLM and or the BIA has approved the merger, name change, or operator change for all wells listed on Federal or Indian leases on: BLM not yet BIA
- Federal and Indian Units:**
The BLM or BIA has approved the successor of unit operator for wells listed on: not yet
- Federal and Indian Communization Agreements ("CA"):**
The BLM or BIA has approved the operator for all wells listed within a CA on: n/a
- Underground Injection Control ("UIC")** The Division has approved UIC Form 5, **Transfer of Authority to Inject**, for the enhanced/secondary recovery unit/project for the water disposal well(s) listed on: n/a

DATA ENTRY:

- Changes entered in the **Oil and Gas Database** on: 2/27/2008
- Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 2/27/2008
- Bond information entered in RBDMS on: 2/27/2008
- Fee/State wells attached to bond in RBDMS on: 2/27/2008
- Injection Projects to new operator in RBDMS on: n/a
- Receipt of Acceptance of Drilling Procedures for APD/New on: 2/27/2008

BOND VERIFICATION:

- Federal well(s) covered by Bond Number: UTB000296
- Indian well(s) covered by Bond Number: n/a
- 3a. (R649-3-1) The **NEW** operator of any fee well(s) listed covered by Bond Number 8030575893
- 3b. The **FORMER** operator has requested a release of liability from their bond on: 2/22/2008
The Division sent response by letter on: n/a

LEASE INTEREST OWNER NOTIFICATION:

- (R649-2-10) The **NEW** operator of the fee wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on: n/a

COMMENTS:

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

5. LEASE DESIGNATION AND SERIAL NUMBER:

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:

8. WELL NAME and NUMBER:

9. API NUMBER:

10. FIELD AND POOL, OR WILDCAT:

1. TYPE OF WELL

OIL WELL ☐

GAS WELL ☐

OTHER

2. NAME OF OPERATOR:

NAE, LLC

3. ADDRESS OF OPERATOR:

16800 Imperial Valley Dr.

CITY Ste. 380 HOUSTON

STATE TX

ZIP 77060

PHONE NUMBER:

(281) 931-8933

4. LOCATION OF WELL

FOOTAGES AT SURFACE:

COUNTY:

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:

STATE:

UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

TYPE OF ACTION

☐ NOTICE OF INTENT
(Submit in Duplicate)

Approximate date work will start:

☐ SUBSEQUENT REPORT
(Submit Original Form Only)

Date of work completion:

☐ ACIDIZE

☐ ALTER CASING

☐ CASING REPAIR

☐ CHANGE TO PREVIOUS PLANS

☐ CHANGE TUBING

☐ CHANGE WELL NAME

☐ CHANGE WELL STATUS

☐ COMMINGLE PRODUCING FORMATIONS

☐ CONVERT WELL TYPE

☐ DEEPEN

☐ FRACTURE TREAT

☐ NEW CONSTRUCTION

☒ OPERATOR CHANGE

☐ PLUG AND ABANDON

☐ PLUG BACK

☐ PRODUCTION (START/RESUME)

☐ RECLAMATION OF WELL SITE

☐ RECOMPLETE - DIFFERENT FORMATION

☐ REPERFORATE CURRENT FORMATION

☐ SIDETRACK TO REPAIR WELL

☐ TEMPORARILY ABANDON

☐ TUBING REPAIR

☐ VENT OR FLARE

☐ WATER DISPOSAL

☐ WATER SHUT-OFF

☐ OTHER:

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

NAE, LLC will be assuming all plugging and reclamation liabilities for the wells on the schedule attached hereto.

Effective Date: 2/12/08

Federal Bond Number: UTB000296

State Bond Number: 8030575893

Name: Tidewater Oil & Gas Company LLC. Address: 110 16th St., Ste 1200, Denver, CO 80202

Signature:

Title:

Date:

02/21/08

NAME (PLEASE PRINT)

MICHAEL CORWISH

TITLE

MANAGER NAE

SIGNATURE

DATE

2/13/08

(This space for State use only)

APPROVED 2/27/08

Earlene Russell
Division of Oil, Gas and Mining
Earlene Russell, Engineering Technician

(5/2009)

(See Instructions on Reverse Side)

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FEB 22 2008

DIV. OF OIL, GAS & MINING

well_name	sec	twp	rng	api	entity	lease	well	stat
FEDERAL MSC 26-1	26	210S	190E	4301931407	14785	Federal	GW	S
FEDERAL 7-34-2122	07	210S	220E	4301931484		Federal	OW	APD
BLACK HAT FED 18-43-2224	18	220S	240E	4301931495		Federal	OW	APD
OLD SAGERS FED 13-32-2222	13	220S	220E	4301931497		Federal	OW	APD
STATE 1-32	32	210S	190E	4301931394	13598	State	OW	PA
STATE 21-19 (32-16D)	32	210S	190E	4301931399	13903	State	OW	TA
STATE MSC 16-1	16	210S	200E	4301931401	14166	State	OW	S
STATE MSC 35-1	35	210S	190E	4301931404	14259	State	GW	S
N THOMPSON 2-1	02	210S	200E	4301931412	14376	State	GW	OPS
TIDEWATER ST 23-5	23	210S	230E	4301931466	16258	State	OW	PA
TIDEWATER ST 23-2	23	210S	230E	4301931467		State	GW	APD
TIDEWATER ST 23-1	23	210S	230E	4301931468		State	GW	APD

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Request to Transfer Application or Permit to Drill

(This form should accompany a Sundry Notice, Form 9, requesting APD transfer)

Well name:	* Please see attached schedule *
API number:	
Location:	
Company that filed original application:	Tidewater oil + Gas Company
Date original permit was issued:	
Company that permit was issued to:	

Check one	Desired Action:
<input type="checkbox"/>	Transfer pending (unapproved) Application for Permit to Drill to new operator
<input type="checkbox"/>	The undersigned as owner with legal rights to drill on the property, hereby verifies that the information as submitted in the pending Application for Permit to Drill, remains valid and does not require revision. The new owner of the application accepts and agrees to the information and procedures as stated in the application.
<input checked="" type="checkbox"/>	Transfer approved Application for Permit to Drill to new operator
<input type="checkbox"/>	The undersigned as owner with legal rights to drill on the property as permitted, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.	Yes	No
If located on private land, has the ownership changed?		<input checked="" type="checkbox"/>
<input type="checkbox"/> If so, has the surface agreement been updated?		
Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location?		<input checked="" type="checkbox"/>
Have there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well?		<input checked="" type="checkbox"/>
Have there been any changes to the access route including ownership or right-of-way, which could affect the proposed location?		<input checked="" type="checkbox"/>
Has the approved source of water for drilling changed?		<input checked="" type="checkbox"/>
Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation?		<input checked="" type="checkbox"/>
Is bonding still in place, which covers this proposed well? Bond No. <u>8030575893</u>	<input checked="" type="checkbox"/>	

Any desired or necessary changes to either a pending or approved Application for Permit to Drill that is being transferred, should be filed on a Sundry Notice, Form 9, or amended Application for Permit to Drill, Form 3, as appropriate, with necessary supporting information as required.

Name (please print) Michael Cornish Title MANAGER
Signature [Signature] Date 2-26-08
Representing (company name) NAE, LLC

The person signing this form must have legal authority to represent the company or individual(s) to be listed as the new operator on the Application for Permit to Drill.

(3/2004)

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FEB 26 2008

DIV. OF OIL, GAS & MINING